





## Israelis Fear Disclosure Of Aid to Ethiopian Jews Could Endanger Airlift

TEL AVIV — Israeli officials voiced concern Friday that international publicity might endanger the airlift of Ethiopian Jews to Israel and an inquiry was ordered into press disclosures about the operation.

Ethiopia accused Sudan on Friday of collusion with Israel in what it called illegal trafficking in Ethiopian nationals. A Foreign Ministry statement condemned a "conspiracy between the Sudanese government and foreign powers in the illegal trafficking of Ethiopians from Sudanese territory to Israel and other countries."

The statement said it was known that a large number of Ethiopians had recently been crossing the border into Sudan as a result of drought or due to "forced persuasion" by anti-Ethiopian elements operating in that country.

The airlift, an open secret in Israel for months, has been reported prominently in the world media since Sudan allowed foreign correspondents to file stories about it on Thursday.

Israeli officials say more than 10,000 Ethiopian Jews, known as Falashas, have been brought to Israel, many in an airlift that began in November. Immigration officials estimate that more than 12,000 Jews remain in the villages of Ethiopia's Gondar region.

Israeli radio quoted Ethiopian immigrant leaders as saying that disclosures about the airlift could have grave consequences for the

Ethiopian Jewish community and that the operation should have remained secret until the last Jew was out.

Yehuda Dominitz, director of the Jewish Agency's immigration department, said that an inquiry had been ordered into the leaks. Some newspapers have suggested that an interview that Mr. Dominitz gave to a West Bank Jewish settlers' magazine, Nkuda, set off the disclosures.

Chaim Aharon, head of the Jewish Agency, announced Thursday that he was suspending the immigration director, Mr. Dominitz turned up for duty Friday, however, and said he was working normally.

"Nobody knows what consequences this publicity will have," Mr. Aharon said. Israel and Ethiopia have not had diplomatic ties since a pro-Soviet Marxist regime took power in Addis Ababa 10 years ago.

Israeli military censors now are allowing correspondents to report some details of the airlift. According to Western sources, Ethiopian Jews are leaving by way of Sudan.

Jews in the United States are helping to finance the airlift, code-named "Operation Moses," in private fund-raising appeals in New York.

Officials said it had become increasingly difficult to conceal the operation, partly because of the effort necessary to absorb the immigrants in Israel.



Ethiopian children with their Hebrew teacher and an Israeli friend in an absorption center.

## Ethiopians Confront Culture Shock in Israel

(Continued from Page 1)

is a very painful problem. I will never forget what a beautiful 14-year-old Ethiopian boy said to me: 'We, the black Jews, are happy that there are white Jews. I'm not sure that all of the white Jews are happy that there are black Jews.'

Those Ethiopians found to have serious health problems are usually sent to Shaare Zedek Hospital, where they are kept together in a special ward for tropical diseases.

"We are seeing infectious diseases we have not seen since medical school," Dr. Herskko said. The diseases include tuberculosis, malaria, typhoid, jaundice, dysentery and malnutrition.

When they first arrived in the hospital, said Amalia Oren, a Shaare Zedek social worker, many of the

Ethiopians were afraid of the Israelis in white uniforms.

They would hide under the bed sheets or cover their heads with a towel, he said.

But gradually, the barriers broke down.

There was a major problem finding the right kind of food for the new arrivals, Mrs. Oren said. Normal Israeli hospital fare includes things like yogurt, fresh avocados, cheese, bottled milk and boiled meats, none of which were part of the Ethiopians' traditional diet.

"They wanted only rice and potatoes," Mrs. Oren said. "So now we bring them one pot of rice and potatoes and they all sit around a table together and eat. We have added milk to the rice to make sure they get enough nutrition."

## Pole Testifies He Received Assurance of Protection

The Associated Press

TORUN, Poland — A secret police lieutenant testified Friday that his captain assured him he would not be prosecuted for the killing of a pro-Solidarity priest because the Interior Ministry officials investigating the slaying were "good guys."

Lieutenant Waldemar Chmielewski testified that he testified that he twice turned away in horror as the captain, his commanding officer, beat the Reverend Jerzy Popieluszko before the priest died.

Friday was Lieutenant Chmielewski's third day on the stand and the fifth day of the trial, in which he and three other security officers are charged in the October abduction and killing of Father Popieluszko.

Lieutenant Leszek Pekala, 32, and Captain Grzegorz Piotrowski, 33, are charged with abducting and murdering the priest. A fourth officer, Colonel Adam Pietruszka, 47, is charged with aiding and abetting his three subordinates. They face possible death penalties if convicted.

Lieutenant Chmielewski said that three days after the killing, he asked Captain Piotrowski what the officers should do to protect themselves from arrest and prosecution.

"I was told there was nothing to worry about," he said. "Piotrowski said the people involved in the investigation are good guys."

Asked to name the members of the investigating panel who were mentioned by Captain Piotrowski, Lieutenant Chmielewski said they included General Zenon Piatek and Zbigniew Jablonski, both officials of the Interior Ministry. Colonel Pietruszka was also a member of the investigating commission.

It was announced Nov. 2 that General Piatek, who reportedly directed the Interior Ministry's section on the Roman Catholic Church, had been suspended from duty for failure to supervise properly.

Lieutenant Chmielewski disputed the findings of the autopsy report, which said the priest died of strangulation or suffocation. He said that "no person could have survived so many blows to the head."

"I am convinced that the cause of death was beating," he said. The officer, stuttering nervously, described why, despite his captain's assurances, he decided to cooperate with investigators after his arrest, leading them to the priest's body.

Lieutenant Chmielewski, his pregnant wife sitting in the audience, sobbed and said that "for all practical purposes, I have lost my family." After regaining his composure, he went on: "I had to consider that the priest also had a family — the people who were suffering. That could not be hidden."

Lieutenant Chmielewski said he and Lieutenant Pekala at least twice asked Captain Piotrowski to leave the priest alive on the side of the road. Both times, he said, they were ordered to "keep driving" toward the dam from which the three threw the priest into a reservoir with a sack of rocks tied to his neck.

Father Popieluszko, a defender of the outlawed Solidarity free trade union movement, was abducted on a highway north of Torun on Oct. 19. His body was pulled from a Vistula River reservoir 11 days later.

At a news conference Thursday, the chairman of the two groups, Morris B. Abram of the National Conference and Herbert Kronish of the Greater New York Conference, described 1984 as "a bleak year" that was "dominated by harassment and a new wave of arrests and persecution" of Soviet Jews, particularly Hebrew teachers and other cultural activists.

The officials asserted that the Soviet government was engaged in "a systematic campaign to disrupt all Jewish religious and cultural activities" that threatened "the very survival of Judaism in the Soviet Union."

They estimated that 20,000 of the more than 350,000 Soviet Jews who have taken the preliminary steps in the long emigration process have been turned down officially by the Soviet authorities. The Jewish officials said there were 2.5 to 3 million Jews in the Soviet Union.

The two men called on Secretary of State George P. Shultz to raise the issue of the plight of Soviet Jewry with Andrei A. Gromyko, the Soviet foreign minister, when arms limitation talks resume next week in Geneva.

Mr. Abram said the two groups have received no assurances from the Reagan administration that the rights issue would be included in the Geneva talks. But he added that he had "no reason to doubt that it will be raised at Geneva."

Mr. Abram and Mr. Kronish also appealed to Konstantin U. Chernenko, the Soviet president, to permit the emigration of Soviet Jews "in significant numbers."

In the foreword to the 10-page brochure, Mr. Reagan wrote that "we must seek another means of deterring war. It is both militarily and morally necessary."

The report, using language that avoided technical intricacies, reviewed the background of what the administration calls the Strategic Defense Initiative, which has become popularly known as "Star Wars" since Mr. Reagan announced it in a March 1983 speech.

In his introduction, Mr. Reagan reiterated major themes of that speech, saying that the basic assumptions behind trying to avoid

nuclear war through mutual vulnerability "are being called into question." New technologies and a Soviet military buildup have made the quest for defense against nuclear-armed missiles more urgent and success more possible, he said.

"I would ask you," the president wrote, "to remember that the quality of our future is at stake and to reflect on what we are trying to achieve — the strengthening of our ability to preserve the peace while shifting away from our current dependence upon the threat of nuclear retaliation."

A White House spokesman said Thursday that the report was reviewed before publication by a number of executive bureaus.

The report seemed to minimize the intense debate in Congress and among scientists outside the government by maintaining that "the Joint Chiefs of Staff, many respected scientists and other experts believe that, with firm leadership and adequate funding," the project could succeed in achieving a workable anti-missile system for population defense.

In an interview with L'Usine Nouvelle, a business magazine, Mrs. Cresson said that Peugeot was "well managed" and urged Renault to step up the streamlining of its management and to work to improve earnings.

A Cleveland police spokesman, Detective Robert Bolton, said that one flight attendant and four passengers remained aboard the plane with the armed woman.

## WORLD BRIEFS

### Justice Powell Has Cancer Surgery

WASHINGTON (AP) — Justice Lewis F. Powell of the U.S. Supreme Court underwent surgery for prostate cancer Friday and was reported in excellent condition.

Justice Powell, 77, is expected to remain in the Rochester Methodist Hospital, in Rochester, Minnesota, for 10 days to two weeks, the Supreme Court public information office said.

Toni House, spokeswoman for the court, said the cancer was discovered during a recent routine physical check-up. She said she had no further details on the surgery or what further treatment, if any, Justice Powell would receive.

### U.S. Gives Asylum to Soviet Physicist

WASHINGTON (AP) — The United States has granted political asylum to a Soviet physicist whose seniority and credentials place him in the top rank of defectors.

Artem V. Kulikov, 51, was returning to the Soviet Union on Dec. 24 after finishing a three-month assignment as an exchange scientist in a U.S. nuclear research laboratory in Batavia, Illinois, when he requested asylum at Chicago's O'Hare International Airport. The State Department said Thursday that the request had been granted.

Mr. Kulikov is believed to be the first Soviet high-energy physicist to seek asylum in the United States. He was a senior physicist and chief engineer of the Leningrad Institute of Nuclear Physics and had been working with three Soviet colleagues at the Fermi National Accelerator Laboratory in Batavia, west of Chicago.

### 3 Are Charged in Bombing in Britain

LIVERPOOL, England (AP) — Dozens of policemen guarded a Liverpool court Friday as two Irishmen and a Briton charged with a bombing in Britain appeared. The men were ordered held until Jan. 11, and no details were released about the charges.

The Irishmen, Patrick Brazil, 34, and William Grimes, 43, and the Briton, Peter Jordan, 60, were arrested Dec. 24 and held under Britain's Prevention of Terrorism Act, which permits the police to hold suspects for a week before bringing them to court. The men's lawyers made no application for bail.

The men are charged with conspiring to cause an explosion likely to endanger life and property. Under court-ordered restrictions, details of the charges may not be published.

The last major terrorist bombing in Britain was an Oct. 12 attempt by the outlawed Irish Republican Army to assassinate Prime Minister Margaret Thatcher in a Brighton hotel during a Conservative Party conference.

### Nicaraguan Politician Backs Rebels

WASHINGTON (WP) — Arturo José Cruz, leader of the democratic opposition to the Nicaraguan government, has shifted his position to endorse continued U.S. funding for the rebels fighting the Sandinist government.

Mr. Cruz said it would be "a terrible political mistake" to end the U.S. aid program before the Soviet bloc halted aid to the Nicaraguan government. He also asked other governments and private organizations to demand steps toward democratic reform as a condition for further aid to Nicaragua.

His support was a help to the Reagan administration, which regards continued rebel attacks as crucial to its policy of pressuring the Sandinists toward regional peace talks and domestic political concessions. Mr. Cruz had previously said that the rebels provided the Sandinists with an excuse to tighten repression.

### For the Record

The world chess champion, Anatoli Karpov, and his challenger, Gary Kasparov, agreed to a draw Friday in the 38th game of their marathon match in Moscow. Mr. Karpov leads 5-1 and needs one more victory to retain his title. (AP)

Striking seamen blockading four French channel ports threatened tougher action Friday after police cleared a quay, allowing a passenger ferry to leave Calais for the first time since Monday. (Reuters)

A bomb planted by a leftist urban guerrilla group known as GRAPO exploded Friday in a shop in Madrid, slightly injuring one person, police said. (Reuters)

Prime Minister Turgut Ozal of Turkey will visit the United States from April 2 to 4, the Foreign Ministry said in Ankara on Friday. (Reuters)

### Renault's '84 Loss to Hit Record 9 Billion Francs

(Continued from Page 1) worldwide demand for cars and trucks expected in 1985.

Bernard Hanon, who joined the company in 1959 and whose term as chairman was renewed indefinitely last May, has been increasingly pressured by the government to accelerate a management reorganization started in mid-December.

Company sources said the reorganization, which involved placing new executives in unprofitable sectors, would probably not stem losses in the near future, and that much would depend on the world market.

Renault and government sources emphasized that the main reason for the big loss last year was a fall in sales amid a sluggish world market.

"We were hit by the world problem," one of the sources said, adding that Renault's 1984 worldwide sales of motor vehicles slipped from a year earlier by 150,000 units to two million units.

Commenting on the loss, industry and government officials conceded that Renault faced severe problems, including excess manpower and a sluggish world market for motor vehicles. But they emphasized that Renault's main problem was poor management and that the responsibility for improvement rested with Mr. Hanon.

French government sources said that roughly 2 billion francs were lost because of the cost of retraining and resettling laid-off workers, 2 billion francs from losses in the company's truck division, and about 5 billion francs from its automobile sector.

According to industry reports in Detroit, most U.S. automakers, after greatly improved profits in 1983 and 1984, planned to build more cars during the first quarter of 1985, compared with the same period last year.

The two exceptions were Volkswagen of America Inc., a subsidiary of the West German automaker, Volkswagenwerk AG, and American Motors Corp., which is 46.4-percent owned by Renault.

AMC has said it planned to reduce production at its Kenosha, Wisconsin, plant by about 10 percent starting next week.

Edith Cresson, the French minister of industry and foreign trade, recently compared Renault to Peugeot SA, the privately owned French automaker that is also expected to report a loss this year.

In an interview with L'Usine Nouvelle, a business magazine, Mrs. Cresson said that Peugeot was "well managed" and urged Renault to step up the streamlining of its management and to work to improve earnings.

## Rival Militias Delay Lebanese Plan for Move Along Highway



Eric Wehrli

United Press International

BEIRUT — A three-hour meeting of rival militia representatives ended in deadlock Friday, blocking plans to deploy Lebanese troops along a key coastal highway leading to Israel's front lines in southern Lebanon.

The main antagonists, the Christian and Druze Muslim militias, blamed each other for the deadlock, and the delegate representing the Amal, the Shiite Muslim militia, walked out in anger, officials said.

The Christian and Druze militias control the coastal highway the Lebanese Army plans to use for its move southward. The Shiites have no presence on or along the highway.

Meeting in the presence of Lebanese police commanders ordered to supervise the deployment, the Christian and Druze militias argued and haggled over "everything from where the soldiers will stay, how many will patrol which route and how many will man which checkpoint where," a conference source said.

"There is just no trust between the Christian and Druze militias," the sources said. "The whole deployment plan is hanging in the balance, and it would be strange if anything short of an emergency cabinet meeting or direct Syrian mediation could break the deadlock."

Minutes before the meeting broke up, the Shiite militia representative walked out of the conference room after telling those present he would not return unless they agreed on the deployment.

No date was set for the group's next session.

Lebanese officials hope the army's deployment to the Israeli front lines at the Awali River in southern Lebanon will put the army into position to take over the region if Israel's troops are withdrawn.

Israel, which invaded Lebanon in 1982, has said the Lebanese Army is incapable of controlling the region and preventing attacks on Israel's northern border. The issue has become a stumbling block in troop withdrawal talks between

the two countries. The talks resume Monday.

Elsewhere in the capital, protesting parents and relatives of kidnapping victims opened some of the roads linking the Christian and Moslem halves of Beirut.

On the fate of the Swiss chargé d'affaires, Eric Wehrli, kidnapped Thursday by four gunmen as he drove from work to his home in the searoom area of Raouche.

In Bern, Swiss officials speculated that the abduction could be linked to the arrest of a Lebanese man in Zurich in November. The man was arrested at the Zurich airport with explosives. He reportedly said he was on his way to Rome to join an attack on the U.S. Embassy.

## Deficit Will Grow Again, Stockman Warns

(Continued from Page 1) \$130-billion area to be a significant achievement," the administration official said.

Mr. Stockman also told Republicans that the projections on the deficit were now higher than in December, which is one of the reasons the administration falls so far short of the original goal.

He told them that a across-the-board, one-year budget freeze, including military spending and spending on Social Security, would not be enough to reach the \$100-billion deficit goal.

The freeze concept is popular on Capitol Hill because it does not eliminate or cut many popular domestic programs, as the Reagan plan would. Also, there would be savings from a freeze of the military budget, a move Mr. Reagan strongly opposes.

"It's a little worse than I thought," Senator Dole said after the meeting with Mr. Stockman. "The numbers are bigger."

But rather than rejecting Mr. Reagan's goal, Senator Dole submitted legislation that would make the \$100-billion deficit target in 1988 a law. He and other senators also said that eliminating the Social

Security cost-of-living increase for one year and making major reductions in the military budget would have to be considered.

Senator Dole and other senators acknowledged that a freeze would not achieve the \$100-billion goal. But he said later that "it still will be the centerpiece of any plan."

"He showed us exactly where we are," the Republican whip, Senator Alan Simpson of Wyoming, said after Mr. Stockman's briefing.

Senator Simpson said that a one-year freeze or eliminating all cost-of-living increases would have to be part of any package.

"We have to go back to the basics, which are catastrophic health care, income supplements for Social Security and a defense that is appropriate without the tremendous outlays that are there," he said.

The new deficit projections are \$218 billion in 1985, \$225 billion in 1986, \$240 billion in 1987 and \$235 billion in 1988. These compare with projections made in late November of \$223 billion in 1985, \$214 billion in 1986, \$232 billion in 1987 and \$224 billion in 1988. The deficit in 1984 was \$185 billion.



David A. Stockman

## Few Remain of Reagan's California Cadre

(Continued from Page 1)

Edwin Meese 3d, counselor to the president, will probably be leaving the White House soon to become attorney general. He was nominated for the position Thursday by President Reagan.

Those three advisers had been the main holdovers from Mr. Reagan's tenure as governor of California. Mr. Meese and Mr. Deaver

have been in the White House since 1981, the beginning of Mr. Reagan's first term, and Mr. Clark served as President Reagan's national security adviser from January 1982 to November 1983.

Their departures, other officials say, signal both their fatigue from demanding jobs and a lack of opportunity to move into the advisory position of greatest influence, White House chief of staff.

There is also, officials say, a broader understanding that President Reagan has only eight or nine more months to score major achievements in domestic affairs. Concern about what is seen as a limited window of political opportunity has left some officials feeling that this coming spring is a wise time to make a change.

For months, both Mr. Deaver and Mr. Clark had advised close associates that they were eager to return to private life, either to relieve financial strains on their families or to be free of the intense pressures of high posts.

But as representatives of rival policy factions within the administration, with Mr. Clark generally taking the more conservative position, each was reported by close colleagues to have been frustrated by internal power struggles including policy and personal clashes with each other.

With the president's re-election, Mr. Deaver was understood to have aspired to replace James A. Baker 3d as White House chief of staff, if Mr. Baker left the administration. Conservatives had pushed Mr. Clark for that post, hoping he would replace Mr. Meese as their principal avenue to the president.

But President Reagan asked Mr. Baker to stay on.

"Clark was frustrated by the power struggles that were going on, according to the people around him," said Howard Phillips, chairman of the Conservative Caucus.

"He read the tea leaves and saw that the president did not have a significant role for him to play in the second administration."

## Fewer Jews Emigrating From Soviet

By William G. Blair

New York Times Service

NEW YORK — The number of Jews permitted to emigrate from the Soviet Union dropped below 1,000 last year for the first time since 1970, according to American Jewish officials.

From a peak of 51,320 in 1979, the number of emigrants declined to 896 in 1984, according to officials of the National Conference and the Greater New York Conference on Soviet Jewry.

At a news conference Thursday, the chairman of the two groups, Morris B. Abram of the National Conference and Herbert Kronish of the Greater New York Conference, described 1984 as "a bleak year" that was "dominated by harassment and a new wave of arrests and persecution" of Soviet Jews, particularly Hebrew teachers and other cultural activists.

The officials asserted that the Soviet government was engaged in "a systematic campaign to disrupt all Jewish religious and cultural activities" that threatened "the very survival of Judaism in the Soviet Union."

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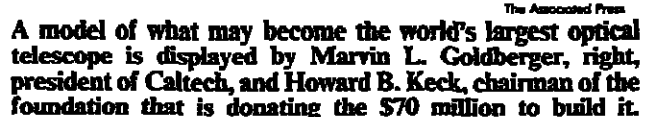
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**By Sandra Blakeslee**

Marvin L. Goldberger, Caltech's president, said he and colleagues

Second, a highly precise method of computer control has been developed to keep the mirrors properly aligned as a single light gathering unit. A computer will check each



University of Texas is considering a 275-inch instrument and the National Science Foundation has long discussed the possibility of a 590-inch instrument.

**The Associated Press**

Massachusetts, who had urged them to uphold the seniority system and keep Mr. Price in power despite his health problems.

Price the committee has been moving toward the right on defense issues.

"As he's gotten older and a little frailer it's been much easier for the

Mr. Roth was jailed Nov. 13 for defying a court order that he obey

*The Associated Press*

Mr. Roth was jailed Nov. 13 for 90 days for contempt of court, for defying a court order that he obey his bishop and step down as pastor.

A small map of Canada with a box in the northwest corner indicating the location of the study area.



"Keeps the riffraff out," Sergeant William Flesch of the Minot police department said when asked if he minded the cold. "Try panhandling in this weather, and after 30 seconds your hands fall off."

nonaccess policy. Mr. Caplan says: "It is a very, very broad law. You either let everybody in, or you keep everybody out."

In 1984, for the first time since scientists began to record the levels of lung-rasping ozone 30 years ago, the Los Angeles basin passed a year with no second-stage smog alerts, when ozone levels reach .35 parts per million for an hour and factories and schools either close

But despite California's unusually strict pollution controls, the traditional Los Angeles haze persists. There were 34 less serious first-stage alerts last year, when the ozone level reaches 2 parts per million for an hour, drivers are asked to avoid unnecessary trips, and the very young and very old are urged to stay indoors.

Not all cars involved in insurance fraud go to "chop shops" where they are dismantled and the parts resold. New York and New Jersey police have concluded that some owners simply dump their cars in the river, report them as stolen and collect the insurance.

Police divers in Edgewater, New Jersey, across the Hudson River from New York City, have fished out 27 cars that had been rolled off a disused pier into 45 feet (14 meters) of water. They say about 40 more cars are yet to be brought to the

Many of the recovered vehicles are expensive, late-model cars and nearly all had been reported stolen by their owners. Many still had the keys in the ignition.

Before 1979, only five states — Iowa, Nebraska, Oregon, New Jersey and Delaware — had laws allowing prosecution of husbands for raping their wives. In the past six years, however, 18 more states have been added to the list, and campaigns are under way in an additional 13 states to outlaw marital rape, a potential total of 36 out of 50 states.

New Jersey has enacted a law requiring casinos to invest 1.25 percent of their gross revenues in projects to redevelop Atlantic City, where the casinos are, and other blighted cities in the state. The measure is expected to yield about \$1.6 billion over

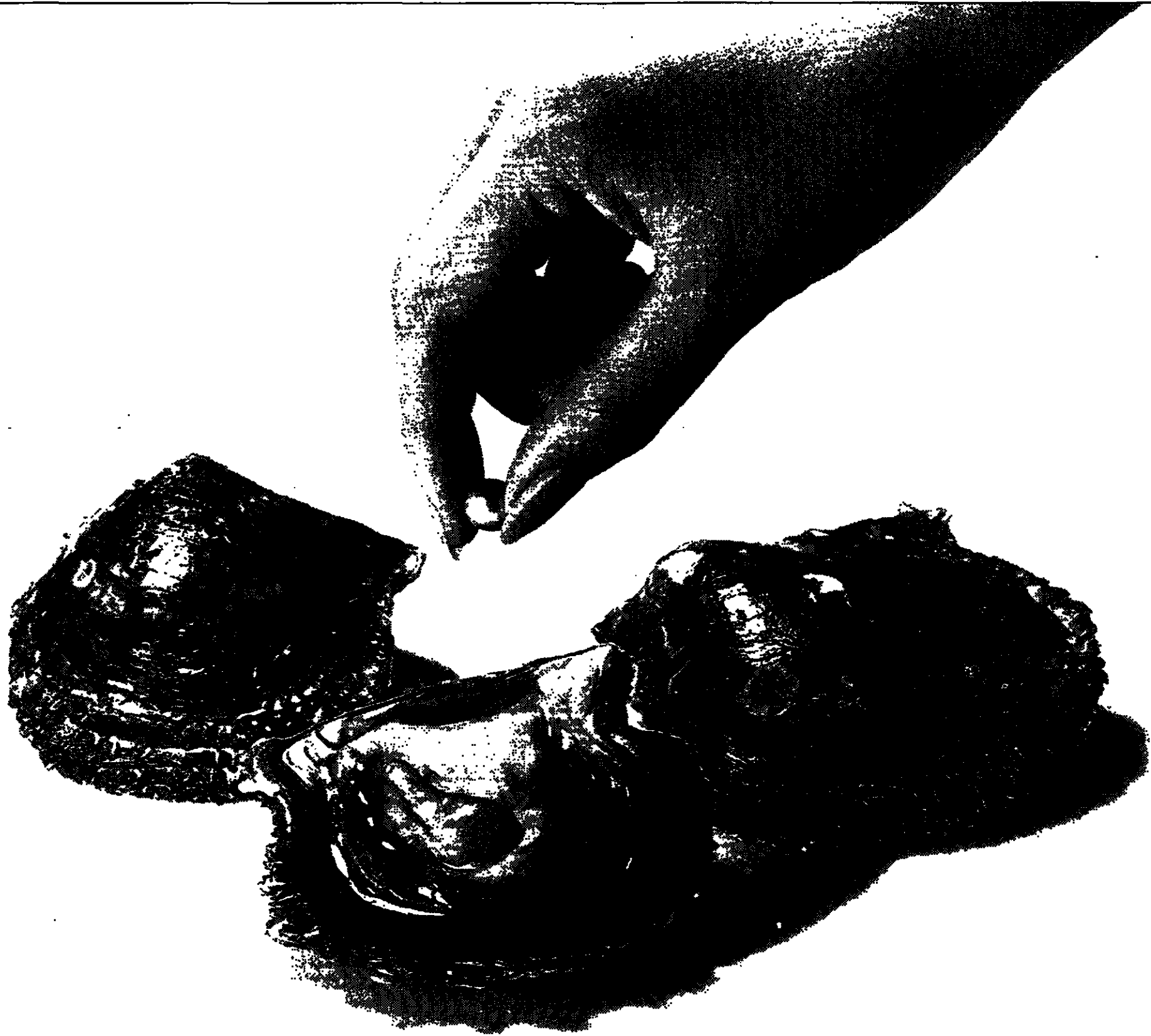
Michigan lawmakers who defeated mandatory seat belt legislation received Christmas cards from Dr. Beverly Anderson, a psychiatrist and medical examiner, containing gruesome color photographs of violent traffic deaths. Dr. Anderson said she could not force legislators to vote for seat belts, "but I

A sampling of quotations from "A Guide to the 99th Congress," a 1985 datebook, calendar and reference manual published by LTV Corporation, an aerospace and energy company.

John Kenneth Galbraith, the economist: "Nothing is so admirable in politics as a short memory."

Anonymous: "To err is human, to blame it on the other party is politics."  
—Compiled by

ARTHUR HIGBEE



**It takes a special kind of knowhow  
to cultivate the perfect pearl.**

Great ideas are like pearls. In the beginning, they're hardly more than a seed. However, given the right kind of environment, a good idea can mature into a radiant reality. Much like a grain of sand can become the perfect pearl.

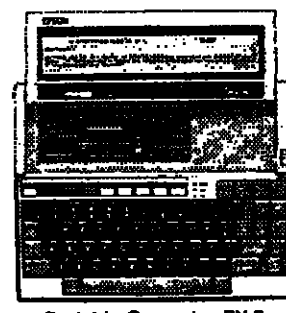
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# Herald Tribune

Published With The New York Times and The Washington Post

## The Big News Is Chinese

The biggest news of 1984 and perhaps even 1985 may turn out to be the piecemeal revolution that is transforming China. Change and reform have gone so far that the Chinese Writers' Association now demands the once unthinkable: real artistic freedom. In the moving words of the group's 80-year-old chairman, Ba Jin: "We yearn for China's Dante, Shakespeare, Goethe and Tolstoy to appear." More remarkably, Mr. Ba's sentiments were seconded by a Communist leader who assured writers that "literary creation must be free."

Given recent Chinese history, these stirrings need to be weighed cautiously. In 1957 Mao called for a hundred flowers to bloom; then came the sickle. During the Cultural Revolution in the 1960s writers who yearned for a Chinese Shakespeare were turned into plumbers, as happened to Ba Jin. Six years ago Mao's heirs permitted a "democracy wall" in Beijing, then jailed those who used it. But now Deng Xiaoping, the shrewd reformer who survived Mao's jails, has loosed a flood of change.

A new slogan was unfurled — "one flag, two systems" — to justify promising a capitalist future to Hong Kong and autonomy within union to Taiwan. Market incentives were introduced to increase food production. Foreign investment was welcomed to modernize a backward economy. Having won the friendship of a wary President Reagan, Mr. Deng reasserts nonalignment by coaxing \$1.8 billion

in trade and aid from Moscow without yielding on ideological or diplomatic differences. As Mao never said, a thousand steps can succeed where a great leap forward fails.

To be sure, Mr. Deng is a Communist, and sprouting some capitalism is easier than tolerating some freedom. But each inroad into dogma erodes its authority. Horrified old Maoists understand this all too well. So does Mr. Deng, an octogenarian who is reaching for allies among the young. If he brings a new breed into power, China's third revolution may prove more lasting than Sun Yat-sen's attempt to build a republic and Mao's campaign to turn China into a vast commune.

Communism can be humanized by Communists. The crimes of Stalinism were exposed by Nikita Khrushchev, who curbed blood purges. The leaders of Hungary's rebellion in 1956 were Communists, as were those of the Prague spring in 1968 — experiments aborted by Soviet invasions. By contrast, Mr. Deng's most dangerous opponents are internal: the armed forces and a dogmatic old guard within the party. But time and again his personal authority has tipped the balance. This subliminal, sensible pragmatist confidently proclaims a permanent "open door" to the West. The hard task is to welcome the ideas of Jefferson, but it no longer seems unthinkable in a China willing to admit Goethe and Tolstoy.

— THE NEW YORK TIMES.

## Fault Isn't Only Japanese

President Reagan's long lunch with Prime Minister Yasuhiro Nakasone was evidently a very pleasant and relaxed affair. A number of people in the administration are currently very irritated with Japan, but the president is not one of them. They are mostly trade specialists who accuse the Japanese of resorting to unfair restraints to hold down their imports from the United States. The trade specialists in any administration are always uneasy about this tradition of warm meetings between the heads of the two governments. In talks at that level, the trade quarrels are always balanced — wisely — against the strategic and political interests that the two countries share. Approached that way, the trade agenda usually seems a little less urgent. A succession of presidents has chosen not to press the Japanese as hard, personally, as their trade negotiators would have liked — not to mention the American exporters who egg the negotiators on.

After their meeting this week, Mr. Reagan and Mr. Nakasone said they would set up discussions of ways to open Japanese markets wider. That is a reasonable idea, but hardly a new one. The U.S. government has been complaining for years that bilateral trade is unbalanced in Japan's favor. Periodically the negotiators sit down and, in time, produce a series of measures that are supposed to open up the Japanese market and put things right. But

when the same people sit down again a year later to talk about the same complaints the imbalance is usually bigger than ever.

Perhaps it will be different this time. But there are two factors — one on each side — that will limit the success of even the most vigorous efforts to increase U.S. sales to Japan. On the Japanese side, the barriers to imports these days are not the kind of legal quotas or regulations that a government can cancel. The real barriers are attitudes — a cautious inclination to prefer Japanese products and to avoid becoming dependent on any foreign source of supply in any but utterly unavoidable cases, such as industrial raw materials. Opening up the market to manufactured imports takes not government decisions but an extraordinary amount of salesmanship and cajoling.

On the American side, there is the reality that the dollar's exchange rate is now extremely high. Against the yen, in terms of the things it can buy, it is now overvalued by about one-fourth. A Japanese buyer has to want an American product badly enough to pay a 25 percent premium over the price of its Japanese competitor — or, for that matter, its French or German competitor. As long as American fiscal mismanagement perpetuates an overvalued dollar, the prospects of reducing trade deficits through exportation will be dim, at best.

— THE WASHINGTON POST.

## Other Opinion

### The World Watches Geneva

Deciding the fate of humanity is no small responsibility. On Jan. 7 and 8 that responsibility, defined as such last month by United Nations Secretary-General Javier Pérez de Cuellar, is in the hands of two men. It is an awesome task which faces George Shultz and Andrei Gromyko when they meet in Geneva for the latest round of talks on nuclear arms control. The Pope was right when he said on New Year's Eve that the only chance for a lasting peace was a radical change in international relations. Let us hope that Geneva, 1985, signals a step toward this. Then "star wars" can go back to Hollywood.

— Business Times (Singapore).

The initiative lies with the United States. Mr. Gromyko must understand that it is not enough to drop preconditions for a return to the negotiating table. The Soviet Union will have to do something about its offensive nuclear arsenal if it really wants concessions.

— The Daily Telegraph (London).

### Nakasone Needs 'Firm Resolve'

The latest Japanese-U.S. summit meeting was held at the right time, considering that U.S.-Soviet talks are at hand and that the Reagan administration is working out its second-term policies. It was also timely since Japanese-U.S. trade friction appears to be bubbling to the surface again.

We hope that a U.S.-Soviet summit will be held as early as possible and lead to nuclear disarmament. During the talks the U.S. must

preserve its unity, and any necessary defense buildup should be carried out as planned.

In the economic sector, it was natural that the Japanese-U.S. summit focused on the trade imbalance between Japan and the United States. The fact that Japan's trade surplus amounted to nearly \$35 billion last year is cause for criticism of Japan among Americans. Mr. Nakasone must accomplish the opening of the Japanese market with firm resolve.

— Yomiuri Shimbun (Tokyo).

### The PLO's Dilemma Remains

In spite of the renewed activity among Arabs anxious to see the beginnings of a new Middle East peace process, it is not possible to be sanguine about the immediate results. The recent meeting of the Palestine National Council in Amman, though it was another success for Yasser Arafat in that it took place at all, did not and could not resolve the Palestinians' central dilemma. Unless they recognize Israel's legitimate place among the nations of the Middle East, they cannot expect a change of mind in Israel toward the PLO, or the support which they need from the United States. Once recognition is bestowed, however, they have nothing left to negotiate with: nothing remains in their hands to give. When the Palestinians are accused of dealing entirely in ruses, winks and qualified hypotheses, the accusation may be fair but the defense against it is valid. This is by no means the only obstacle to success which the Palestinians face, but it is the most serious diplomatic difficulty in the way of getting negotiations started.

— The Guardian (London).

## Europe's Good Old Ways Aren't the Way Forward

By Giles Merritt

This is the second of two articles.

**B**RUSSELS — In tomorrow's world, people involved in the processing of information will be recognized as producing the same sort of basic raw material as do steelworkers today. Yet confusion over the different value of service and manufacturing jobs persists in Europe as elsewhere — and perhaps more in Europe than elsewhere. European policymakers' efforts to revitalize industry are dogged by the fact that most Europeans would prefer a return to the good old days, rather than venture into a sci-fi future.

Such conservatism is fundamental to Europe, whereas for people in most other parts of the world — and still to some extent in America, too — technological change carries a promise of better times to come.

For Europe, technological change means industrial restructuring, and industrial restructuring is notoriously a euphemism for sweeping job losses and misery in outmoded 19th century industrial townships across Europe. Politically, even for hard-nosed governments like Britain's Thatcherites, there is much to lose and all too little to gain from the streamlining of the old industries that still account for some 35 percent of all manufacturing jobs in the European Community.

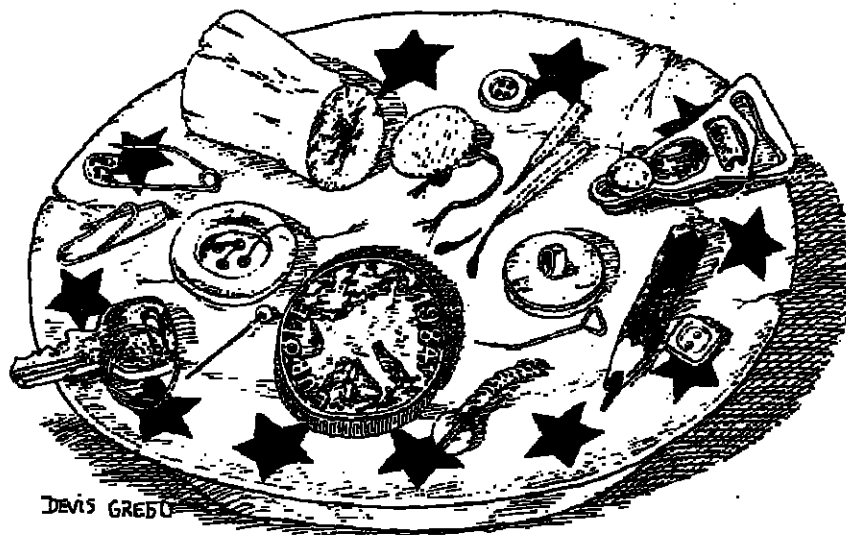
The price to the EC has been that in the short span of the 1970s it threw away what had seemed an impregnable scientific and technological lead. While European industrialists and their various finance ministry bankers waited despairingly for an upturn to res-

cue traditional sectors like steel, shipbuilding and textiles, the Japanese had unsentimentally begun to abandon them and move into the new technologies they now dominate.

Just how sharply Europe had gone into decline was for a while hidden from sight. To some extent the ambiguous role in Europe of American-owned multinational corporations makes it hard to spot the shortcomings of EC industry. But of late the European Commission has been pounding out the message that the EC's share of the world market for information technology is half what it should be. Worse, Europe's appetite for the new wealth-creating technologies is also being diminished by this new backwardness.

A consultants' study by McKinsey & Company recently warned the Community that by 1992, unless a miracle occurs very soon, Europeans will be consuming less than half as much electronic equipment per head as Japanese and Americans. Other warnings have pointed out that the EC's natural share of the information technology market should be 30 percent and not the present 15 percent, and that by the early 1990s its share will have slid further to just 10 percent of a world market likely to be worth \$1 trillion a year.

Pressure for new industrial policies to help turn Europe around has thus become so great that it is at last counteracting the forces of conservatism. Most EC countries — even France and Italy — have come to see that their attempts to protect their national high-



DEAN GREGU

tech sectors are in fact sentencing them to death. Action programs at EC level are now proliferating in telecommunications, microelectronics and various biotechnologies.

Yet recognizing that European countries must start to pull together if they are to close the yawning technology gap still does not add up to a coherent industrial policy for Europe.

In the 1970s there was a vogue for transnational mergers in Europe; for a while they seemed the answer to fragmentation and the lack of a genuine common market. Since then, however, such partnerships as the Hoechst-Hoogovens German-Dutch steel venture, the VFW-Fokker aviation pact or the Dunlop-Pirelli tire-makers' marriage have all been dissolved. If anything, the trend nowadays is for European groups to ally themselves with American or Japanese competitors.

The result is that there has been no spontaneous unification of the EC's more advanced industrial sectors, nor is there likely to be. So any industrial policies aimed at harnessing

European economies of scale must first overcome the differences that separate the EC member states. Divergent technical standards, highly restrictive national government procurement practices and some stern EC antitrust laws all need thoughtful reform.

Sweeping away sneaky nontariff barriers to trade is an important part of any strategy for the industrial regeneration of Europe. But it tends to be more of a slow unpeeling than a fast sweep, even though time is very short. The incoming president of the EC Commission, Jacques Delors, has already made it plain that when the new Commission takes over in Brussels on Monday the drive to develop such EC-level policies will be a top priority. In the capitals of the four largest member states, though, the accent remains on national interest. For the present, the best EC industrial policy that can be hoped for is a framework that will stop the member governments' national policies from clashing.

International Herald Tribune.

## Geneva, 1985: Talks for an Agreement to Out-Talk the Hawks

By Joseph Kraft

**WASHINGTON** — "Law jaw beats war war" is the best that can realistically be said about the resumption of arms talks in Geneva on Monday. The only accord in sight is an agreement to keep talking. Hope lies in the possibility that serious negotiations will stretch out long enough to prevent the open break that American hawks seek in order to shatter the whole framework of arms control past, present and future.

Signs of Soviet seriousness in the approach to Geneva are particularly impressive. President Konstantin Chernenko has repeatedly said that agreement across a broad front is possible. Mikhail Gorbachev, the Russian leader, delivered the same message on a recent visit to Britain.

The Russian delegation includes three senior officials long involved in serious and occasionally successful arms control talks. The list is headed by Foreign Minister Andrei Gromyko himself, without whom no accord is possible. Deputy Foreign Minister Georgi Kornienko, a genuine expert known for being tough but serious, will also be on hand. Finally there will be Viktor Karpov, a self-assured veteran of many past negotiations.

The high quality of the Soviet delegation announces that Moscow has changed the psychological tone of its approach to the Reagan administration. Whatever their inner motives, the Russians want outsiders to believe they are serious about seeking arms control. Because of the recent

leadership switch, or because of the bitter setbacks occasioned by their negative approach to the first round of talks, the Russians are at pains to be seen cocking a respectful ear to what the Americans have to say.

A similar change in tone characterizes the evolution of the Reagan administration. Mr. Reagan came to office denouncing the SALT-2 treaty negotiated by Jimmy Carter with Leonid Brezhnev, the SALT-1 treaty put together by Richard Nixon and Henry Kissinger in 1972 and the test ban accord worked out by the Kennedy administration in 1963.

The doctrine known as mutual assured destruction, or MAD, was central to all three accords. The basic idea was that neither superpower would attempt a serious defense against the missiles of the other side. The population of each country was, in effect, held hostage to the other. Thus at the heart of SALT-1 was a formal agreement by each side to limit drastically the building of antiballistic missile systems, or ABMs.

For three years the Reagan administration declared to the world its hostility to arms control. Apart from a huge defense buildup, Mr. Reagan personally called the Russians "liars" and "cheats" and other names that rule out the mere concept of accord. Then on March 23, 1983, Mr. Reagan suddenly unveiled what was, in effect, his dream machine for killing

MAD. He announced that research was under way on a scheme for an anti-missile defense that would render incoming missiles "impotent and obsolete." The proposal, known as the Strategic Defense Initiative and later baptized "star wars," was viciously attacked by arms control proponents on two grounds: It would not work as a total defense, and it would break the existing ABM treaty and force both superpowers into a new and dangerous arms race.

As 1983 drew to a close it became clear to the Reaganites that their position on arms control was politically costly. Allied leaders became itchy, and many Americans worried about

sliding into a nuclear war. So suddenly the White House began talking up peace and the need for competing powers to live together. In that changed atmosphere, in June 1984, the Russians proposed talks about "star wars." Washington replied with an OK, providing Russia's offensive weapons were also on the agenda. Thus were born the talks that bring Secretary of State George Shultz and Mr. Gromyko together in Geneva.

As preparations for the Geneva talks began in Washington, old arguments re-emerged. Mr. Shultz, and Robert McFarlane, the president's national security adviser, seemed to emerge on top of the heap. Their

notion, apparently, was that if the Russians agreed to cut back offensive weapons, the United States would "out-restrain on star wars." But Mr. Reagan declared that he "would not give up the SDI or the opportunity to develop it."

That sounds like total deadlock, but time offers room for maneuver. As the two sides settle down to marathon talks it will become increasingly clear that "star wars" is a technological bust. Rather than go for a wash-out, Mr. Reagan will look toward some kind of accord. My theory is that George Shultz will know how to bring him there. After all, if arms control had been so easy to kill it would have been dead long ago.

Los Angeles Times Syndicate.

## 1985: Time to Denounce Yalta Fraud

By George F. Will

**WASHINGTON** — Four decades of fraud are enough. The coincidence of the historical calendar and the quickening pace of what is called U.S.-Soviet "dialogue" make this the moment for the United States to denounce the agreements entered into 40 years ago at Yalta.

A chapter in the final volume of Churchill's history of the war opens with these words: "As the weeks passed after Yalta it became clear that the Soviet government was doing nothing to carry out our agreements..." Churchill was referring

especially to Poland, on whose behalf Britain had gone to war in 1939, when Moscow was Hitler's ally.

In February 1945 the Soviet Union began sealing Poland from Western eyes and destroying democratic elements. There were fewer of those elements than there might have been. When the Polish resistance rose in Warsaw against the Germans, the Soviet army loitered on the outskirts of the city to let the Nazis massacre the Polish freedom fighters, who would have been inconvenient for the arriving Soviet totalitarianism.

The Soviet Union compounded its crime by refusing to allow U.S. and British planes to land in Soviet-held territory after dropping supplies to the Polish resistance. This was six months before Yalta.

The Yalta conference ended on Feb. 11, 1945. On Feb. 27, Andrei Vyshinsky, the satanic prosecutor at the 1930s Moscow show "trials," arrived in Bucharest to demand that King Michael of Romania dismiss the all-party government. The next day, Churchill wrote, Vyshinsky returned to the king, "banged his fist on the table, shouted for an immediate acquiescence and walked out of the room, slamming the door. At the same time Soviet tanks and troops deployed in the streets of the capital, and on March 2 a Soviet-nominated administration took office."

The Yalta agreements "binding" the allies to work for open societies in Eastern Europe were forlorn attempts to blunt Soviet bayonets with parchment. It took six days for them to be revealed as an empty pretense.

Yalta did not "give" Eastern Europe to the Soviet Union; the Red Army took it. But Yalta codified the West's wishful thinking about the Soviet Union. The coming Shultz-Gromyko session, like the arms control process generally, is another manifestation of the hope that if the Soviet Union can be talked into talking, and into adopting the forms of orderly relations, then the substance of such relations will somehow follow.

Perhaps we should periodically enter into agreements like those signed at Yalta or, 30 years later, at Helsinki, if only for what they can teach. That

is, such agreements can be useful because of the lesson that can be extracted from the instant and comprehensive Soviet violation of them.

The problem is that Western governments wind up teaching their publics precisely the wrong lesson. They refuse to teach the lesson by denouncing the agreements. Instead they convince themselves and their publics that there is something inherently wholesome in the mere "process" of producing agreements.

It may be argued that denouncing the Yalta agreements would be an empty gesture. Not true. It would be an act of public pedagogy, underscoring a lesson at a pregnant moment. Plans are now being made for commemorating the 40th anniversary of the end of the war in Europe, and there is a revival of the sort of sentimentalism that helped produce Yalta. Today the sentimentalism is "We were friends then, so..."

"Friends?" In 1945 the sentimentalism took the form of the belief that the Soviet regime, which can claim legitimacy only as the enemy of bourgeois democracies, would desire in peace a continuation of the cooperative relationship that served it well in war. In 1985 the anniversary of V-E day will be an appropriate moment for commemorating the fact that the Soviet Union began the war as Hitler's enthusiastic ally.

It was convinced that Hitler would destroy England and other decadent bourgeois democracies, and was eager for that outcome. Hitler initiated the rupture with the Soviet Union, which then received enough aid from the decadent bourgeois democracies to survive and become the legatee of Hitler's values — conquest, totalitarianism, anti-Semitism.

June will bring the 10th anniversary of the Helsinki agreements on human rights. Those agreements are extensions of the Yalta agreements, but are even less defensible because they came after 30 years of experience with the Yalta agreements. Under the Helsinki agreements the Soviet Union undertook to stop being the Soviet Union — that is, to be minimally civilized. It has, of course, declined to do that. So 1985 is the year also to denounce the Helsinki agreements. A decade of fraud is enough.

Washington Post Writers Group.



## Geneva: Wishful Thinking Won't Do

By Malcolm Toon

The writer was U.S. ambassador to the Soviet Union from 1976 to 1979.

**WASHINGTON** — In preparing for Monday's meeting between Secretary of State George Shultz and Foreign Minister Andrei Gromyko, it is vital that the United States avoid the mistakes made by Prime Minister Margaret Thatcher during the recent visit to Britain by Mikhail Gorbachev, the current top runner in the Kremlin succession sweepstakes.

It is not so much what Mrs. Thatcher said — "I like Mr. Gorbachev; we can do business together" — that is disturbing as the giddy reaction to her assessment of Konstantin Chernenko's heir apparent by observers of the Soviet scene who ought to know better. What we are hearing today is almost a repeat of what we heard about Yuri Andropov when he succeeded Leonid Brezhnev in late 1982 — that the former KGB chief was a flashy dresser, a lover of jazz, a fluent English speaker, a friend of Soviet dissidents, virtually a closet liberal and thus a useful interlocutor for Western statesmen.

The difference is that then the myth was KGB-inspired. Today it is fostered by myopic Westerners who are misled by a stylish spouse, a snap-brim fedora and a svelte spouse.

When some analysts sought to set the record straight on Mr. Andropov — by pointing out that for years he had masterminded an agency that was preoccupied, inter alia, with arresting and torturing innocent citizens, penetrating and undermining Western society and irradiating American diplomats — they were accused of being incorrigible hard-liners unable to recognize that a new

leader could mean a new Soviet outlook and improved Soviet behavior. Today any effort to see Mr. Gorbachev in perspective will undoubtedly trigger the same sort of flak. But that is precisely what must be done.

Mr. Gorbachev is the youngest and most intelligent of the likely successors to the ailing Mr. Chernenko. Some self-styled experts have held that he must therefore be viewed as less ideologically motivated, more pragmatic, more flexible and easier to deal with than his predecessors or his principal rival, Grigori Romanov — who is still in contention despite the fact that Mr. Gorbachev holds all the positions held by Mr. Chernenko before he succeeded to the top job.

I do not think much of this argument. We heard it when Mr. Brezhnev was in decline and again when Mr. Andropov was terminally ill, and it turned out to be wishful thinking. A Gorbachev or a Romanov, in my view, will provide more of the same in Soviet policies and behavior.

The style of leadership may change with the successor, but the substance will not. Like Mr. Andropov and now Mr. Chernenko, all viable candidates for the top job in the Politburo are members of a long-standing collective leadership that has been in place since Mr. Brezhnev's twilight years. More important, any likely successor to Mr. Chernenko,

even if, like Mr. Gorbachev, he may not have known Stalin, is undoubtedly a faithful heir of the Stalin legacy. This means at least the following:

- He will be a strong proponent of the Leninist doctrine, adopted and strengthened by Stalin, that the chosen few rule the masses and that dissent, at home or elsewhere in the Soviet camp, must be crushed.
- He will be a fierce defender of the integrity of the Soviet empire that Stalin carved out of Europe and successors extended to include Cuba, Ethiopia and Afghanistan.
- He will continue to take advantage of opportunities to expand Soviet power where he can do so with impunity — without risking a military confrontation with the West.
- He will be rigidly opposed to that degree of innovation that would seriously downgrade the role of the party in Soviet society.

We are far from the generational change in Soviet leadership that was a favorite theme of academics when Mr. Brezhnev began his decline and again when Mr. Andropov was on his deathbed. That change will come only when we have in the Politburo men no longer stirred by the clamor of the October Revolution, or even by tales of heroes in World War II, and who are more concerned about responding to the crying needs of the long-suffering Soviet people than about subjugating others abroad.

Mr. Gorbachev does not fit this pattern. Wishful thinking cannot contribute to a stable relationship with the Soviet Union.

Los Angeles Times.

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## LETTERS TO THE EDITOR

### Lawlessness Is Passé

Regarding "So Nuclear Winter, Yes, Really — and So What?" (Dec. 20):

Lee Dembart, arguing against emotional approaches to the nuclear arms menace, writes that "there may not be any way" of escape from the present impasse. There is a way, although it is one that many will not readily accept. Just as the city states of Italy quarreled and fought till they became subject to the government of a unified state, so will the nations of the world clash until they learn to cede their sovereignty to a world government.

History has shown that human beings do not live peacefully without the rule of law. Are today's human beings so infatuated with national "freedom" that we will prefer nuclear death to the rule of law over nations?

ANGUS SIBLEY, London.

### No Teaching of Hebrew

Regarding the report "Soviet Jew Is Jailed for Drug Trafficking" (Dec. 21):

We read that Yuli Edelstein, sentenced to three years in a prison camp, is "said to have irritated officials by giving Hebrew lessons without authorization." But no Soviet Jew has been able to obtain permission to teach Hebrew in the last 20 years.

Under Soviet law and the Helsinki accords, any language can be taught, but Hebrew teachers have been harassed and persecuted on false charges in increasing numbers. During 1984 there was a terrifying escalation of attacks on Hebrew teachers. Aleksander Kholmiansky of Moscow and Mark Nepomniashchy of Odessa face imminent "trials" because they are active in teaching Hebrew.

RITA EKER, London.

## FROM OUR JAN. 5 PAGES, 75 AND 50 YEARS AGO

**1910: War Preparedness Averts War**  
**NEW YORK** — The New York Herald says: "The most potent energy for the preservation of the peace of the world is, in these vexing days of international competitions and jealousies, the preparedness for war that averts attack or that settles the quarrel most speedily and with the least sacrifice to humanity when arbitration and concession prove to be of no avail. War pure and simple, or war for war's sake, is the crudest survival of barbaric years, and it is unfortunate that continuing peace and security are rendered possible only by the superior armed strength that makes attack hazardous in result and destructive in expenditure. Until man becomes superman and purer motives inspire human conduct, the power to resist assault or to make it abortive must be almost the sole preventive of war."

**1935: Roosevelt Proposes Jobs Plan**  
**WASHINGTON** — Relief by employment instead of by Federal and state funds, through creation of a new and enlarged Public Works Administration which would give employment to 5,000,000 persons on Federal and state relief rolls, in short "an American plan for American people," was proposed by President Franklin D. Roosevelt in his message to Congress (Jan. 4). The President declared the time had come for the Federal government to quit the business of relief and make every effort to provide work for all able-bodied employable individuals to preserve "their self-respect and self-reliance." He said a continued system of doling out funds would be a "destroyer of the human spirit." The President promised the cost of the scheme would be within "the sound credit of the government."

**INTERNATIONAL HERALD TRIBUNE**  
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International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine, France. Telephone: 147-1265. Telex: 612718 (Herald), Cables Herald Paris.

Director de la publication: Walter N. Thayer

Asia Headquarters, 24-34 Hennessy Rd., Hong Kong. Tel. 5-285618. Telex 61170.  
Managing Dir. U.K.: Robin MacKinnon, 63 Long Acre, London W.C2. Tel. 856-8016. Telex 763089.  
S.A. no capital de L. 200.000 F. RCS Nanterre B 7100116. Comptabilité Partielle No 61237.  
U.S. subscription: \$284 yearly. Second-class postage paid at Long Island City, N.Y. 11101.  
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## ARTS / LEISURE

## London: Art Nouveau, Design, Bloomsburies

By Max Wykes-Joyce

LONDON — Because of popular interest, the show of "Art Nouveau from the Anderson Collection" at the Geoffrey Museum has been extended. In 1962, before the general interest in the art and artifacts of the turn-of-the-century period, Sir Colin and Lady Anderson began to add to a small inheritance of Art Nouveau pieces. By 1978, they had accumulated more than 150 prime examples, which they gave to the Sainsbury Center for Visual Arts at the University of East Anglia, Norwich, which made them available to the Geoffrey Museum for a London showing.

The show includes furniture with inlaid wood decorations by Emile Gallé (1846-1904) and Louis Majorelle (1859-1926) who initially trained as a painter but on the death of his father returned to Nancy to carry the family business of cabinetmaking into the realms of fine art.

In the glass section too, it is the French who take pride of place, with cameo and enameled glass again by Gallé, a bowl and a flower-shaped ash tray by Gabriel Argy-Rousseau, and wine glasses by René Lalique (1860-1945), though the American glassmaker Louis Comfort Tiffany (1848-1933) and several anonymous German and Austrian designers are also well represented.

In ceramics the Minton and Doulton factories, and William Moorcroft (1872-1945), working for Liberty's, predominate. In the fields of "pure" art, anonymous sculptures of nymphs gazing into pools and graphics by the British artist John Hassall (1868-1948) and the Czech Alphonse Mucha (1860-1939) add further dimensions to the evocation of a richly creative period.

"Art Nouveau from the Anderson Collection," Geoffrey Museum, Kingsland Road E2, to Feb. 2.

in the manner of orthodox woodwork and marquetry. The work of 18 designers is represented, six each from Britain, France and the United States. The American contributions are especially joyful and colorful, none more so than "Dress Her" by Jay Stanger, a liquor cabinet in the shape of a woman, its top of ColorCore slats, the skirt of vertical strips of beechwood, both opening to disclose a bar.

"Past Modern Color," Boilerhouse Project, Henry Cole Wing, Victoria and Albert Museum, to Jan. 13.

Though the Bloomsbury Group, the mutually admiring set of writers and painters centered on the Stephen sisters — Virginia, who married Leonard Woolf, and Vanessa, who married the art critic Clive Bell — is chiefly famed for its literary abilities, those closely associated with the ménage à trois set up by the Bell family with the artist-designer Duncan Grant at Charleston, a farmhouse in Sussex in which they lived from 1916, have been promoted as the protagonists of a major 20th-century art movement in Britain. In truth they were artistically inferior to their contemporaries, the Vorticists Wyndham Lewis, Edward Wadsworth, Frederick Etchells and Christopher Nevill. However Charleston was a haven for many competent painters, was decorated by Vanessa Bell and Grant, and is now the subject of an appeal from the Charleston Trust, which is pledged to make an endowment of £740,000 (about \$852,000) to the National Trust, which will preserve Charleston as an artistic shrine. The loan show running at the Kiddle Gallery, Sotheby's, "The Charleston Artists and Their Friends" has much work by Bell and Grant, and by their friends Simon Bussy (1876-1954); Dora Carrington (1893-1932), tragic companion of Lytton Strachey; Roger Fry (1866-1934), chief aesthetic theorist of the Bloomsburys; André Dunoyer de Segonzac (1884-1974) and Edward Wolfe (1897-1982), the latter two of whom were without doubt the most able painters among the Charleston friends.

"The Charleston Artists and Their Friends," Kiddle Gallery 33/34 New Bond Street, W1, to Jan. 21.

A wholly different aesthetic is to be seen at the Victoria and Albert Museum, in the Boilerhouse Project's display "Post Modern Color," a gathering of new furniture in Formica's newly perfected material ColorCore, which lends itself to multi-colored layering and carving



Duncan Grant's "Still Life With Matisse" in London.

## Paris Museum Displays A Riot of Circus Toys

By Michael Gibson

PARIS — The circus, in the sense any modern child understands the word, developed in the course of the 19th century. The Romans had circuses with acrobatic riders and jugglers, as well as unsavory acts in which human beings were torn to pieces by wild beasts, or gladiators were pitted against elephants, tigers, lions, hyenas, hippopotamuses. But after the fall of Rome the circus went into eclipse and took shape again only in the late 15th century.

In the 19th century, it came back to boisterous and gaudy life, with all the attractions we have come to take as a matter of course: lions, elephants, acrobats, clowns and a pathos different from that of its Roman predecessors.

The Musée des Arts Décoratifs, which is inclined to pay scholarly attention to matters most people take for granted, started to take an interest in toys related to the circus after acquiring a delightfully intricate scale model of "Le Cirque Français" that sprawls over 15 square meters (18 square yards), in January 1983. This led to a buying spree in which more than 4,000 toys from all over the world were collected. They range from 1880 to the present, and their display fills a large part of the museum.

The major item remains the "Le Cirque Français," with its 12,000 pieces and 865 figures of trainers, acrobats, clowns (Grock included), animals and attendants. There are other scale models too, including the Knie Circus, founded in 1808, the Sarrasini Circus and the Bar-

num and Bailey Circus. Barnum and Bailey, with the Ringling Brothers, and Buffalo Bill Cody, seem to have brought an unprecedented degree of showmanship to the art, stimulating toy manufacturers in Europe and the United States to produce toys related to the circus. One was the Humpty Dumpty Circus, a charming toy patented in Philadelphia in 1903 by Albert Schoenheit that was popular in the United States for more than 30 years.

Other acquisitions include toy clowns, toy acrobats, a life-size group of automatons entitled "The Clown and the Photographer" and countless posters. The toys include some by Fischer-Price and Steiff that are in current production.

"Le Cirque et le Jouet," Musée des Arts Décoratifs, 107 Rue de Rivoli, Paris 1, to Jan. 28.

The Janette Ostler Gallery on the Place des Vosges has specialized in Japanese art of the past 30 years and is celebrating this anniversary with a show titled "One Thousand Years of Japanese Art." It includes more than 200 items: paintings and prints, objects and masks ranging from the 8th to the 19th century and a stunning series of illustrations of the 11th-century "Genji Monogatari," the first novel of character analysis ever written and possibly the masterpiece of Japanese literature. The selection ranges from the poetical or realistic to the humorous and the fantastic.

"Mille ans d'art japonais," Galerie Janette Ostler, 26 Place des Vosges, Paris 3, to Jan. 13.

## French Art Market Steers Own Course

International Herald Tribune

PARIS — The auction market increasingly gives the impression of being managed from London and New York, with Sotheby's and Christie's steering the ship. But France, through a combination of legislation and economic factors, has been turned into a fortress operating on separate lines.

Unlike their Anglo-Saxon counterparts, French auctioneers are not businessmen, but judiciary officers. They are appointed by the Ministry of Justice after they have been granted permission by their professional association, the Chambre Nationale des Commissaires Priseurs, to buy the right to hold their office.

They are under no obligation to conduct sales. If a Paris auctioneer has not conducted a sale in a year, he is still assured of a modest income. A percentage is levied on the proceeds of each sale, one half of which goes to the auctioneer who has sold the items, and the other half to the professional body, which divides the total equally among the auctioneers each year.

The net intake per auctioneer, which is kept secret, would appear to amount to a monthly salary well above 10,000 francs (\$1,000). Thus the more active members of the profession subsidize their colleagues, and the necessity to pool objects for sale in a market where the supply dwindles every year is not felt as it should be. In a free-market system, two-thirds of the present auctioneers would go bankrupt within months. This explains why London has been able to gain the upper hand against Paris.

Vendors are deterred from selling in Paris by inadequate advertising and publicity outside France, and by poor servicing in sale catalogs often sent out too late to give buyers abroad sufficient notice. The red tape faced by foreign vendors and buyers has further contributed to drive from the Paris market works of art available for sale in Europe and the United States. Whatever comes up for sale at Drouot essentially comes from France, whereas in London the proportion of foreign consignments can be as high as 50 percent. Impressionist and Modern Master paintings, Old Master drawings or antiquities. Distressing as this may be to French auctioneers, it holds considerable advantages for buyers: the system is less plagued by speculation.

Dealers who buy important works of art in one place, in order to resell them by auction in another with a huge reserve price that ensures the desired markup, hardly ever send them to France. They need the trumpets of international publicity.

When great works of art are offered at French auctions, they come from private sources, and rarely carry huge reserve prices. This makes the French market highly attractive to buyers. In the last few months, sensational successes have

## SOURIN MELIKIAN

been scored by leading Paris auctioneers, always in connection with private collections, or even single items from private collections turning up on the market.

In early November there was the case of a Ming ewer in blue-and-white porcelain of the early 15th century. The type is rare — only three other instances are on record, one in the Tehran Museum of Ancient Iran, another in the Topkapı Museum in Istanbul and a third one in the Freer Gallery of Art in Washington. All show some damage — as did the Drouot piece with a crack under the spout and a chip off the top of the handle.

The auctioneer, Eric Buffetaud, had spotted it almost by accident when inspecting items in one of his own run-of-the-mill auctions that was to be held at Drouot last June. Having whisked it out of the bottom shelf of a case, he submitted it to the Chinese expert Michel Beurdeley.

Together, they did a thorough job. Photos were dispatched worldwide to the right people. On Nov. 6, in an otherwise dull sale, there was a 90-second fight between Bluet of London and Myrta Myers, an American dealer in Paris who said she was representing an American collector, who won it for 560,000 francs. It was a huge price, although one that did not result from the reserve, which was low.

On Nov. 26, it was the turn of Jacques Tajan to register phenomenal prices in a sale of antiquities collected by the late Armand Trampitsch. The sale expert, Jean-Philippe Mariand de Serres, a recognized specialist in Ancient Near Eastern seals and cylinders, had made up for the skimpy catalog, produced under pressure, by personally contacting dealers and collectors around the world.

The result was the best attended archaeological sale I have seen at Drouot. Jerome Eisenberg of New York, who bought more than 10 percent of the lots in the sale, was bidding against the agent of Robin Symes of London, with plenty of private buyers chiming in — the ideal combination at auction. Many prices paid that day were enormous, not necessarily for the finest pieces.

A rare, superbly preserved belt hook of the Merovingian period, sold for 73,000 francs, multiplied its estimate eight-fold.

More telling were the prices offered for relatively common pieces. The 16,000 francs paid for another bronze belt hook with silver inlay of the Merovingian period, estimated to fetch 1,500 to 1,800 francs, is truly astonishing. The 120,000 francs paid by a New York dealer for a limestone carving from Ancient Egypt, repaired and restored, is mind-boggling. And so is the 560,000 francs given for a marble torso of the first century, only 70 centimeters (27 inches) high and devoid of any particular merit.

Two days later, Lucien Solanet was auctioning Old Master and Impressionist works that included a fully finished preparatory sketch for Louis Léopold Boilly's painting of a crowd in the Louvre watching the newly hung "Emperor's Coronation" by Gérard-Louis David. The expert Bruno de Bayser had advised the international community of collectors and dealers, and the price zoomed to 1.9 million francs, a record for a neoclassical drawing.

Other prices were more balanced. A marvelous painting ascribed to the Le Nain brothers, which, like much of the work associated with them, raises unresolved art historical questions, was bought at the same amount by an American foundation. Given its condition, that was probably about the right price. A portrait by Madame Vigée Le Brun that ranks among her most accomplished works was not overestimated at 7.5 million francs — it was reportedly acquired by a U.S. syndicate of dealers. Nor was a first-class view of the Château de Chillon in Switzerland by Gustave Courbet at 2.6 million francs, a wonderful painting but an austere one with stern colors, not altogether easy to sell.

The triumph of the season occurred on Dec. 12, when a bronze horse fully signed by the Dutch sculptor Adriaen de Vries turned up out of the blue in a sale conducted by Raymond de Nicolay. Its provenance can be traced back to 1716, when it appears in an inventory concerning an ancestor of the family that sold it. On the day of the sale, all the dealers who could have taken an interest in such an item were present to take part in the bidding. At 10.2 million francs, it set the world record for any Renaissance or Baroque bronze.

These scores show that Paris has a potential too often obscured by its outdated system. Buyers should remember that they have here the last hunting ground where a high proportion of the game comes from private owners.

## Rome Shows: Daubers, Degas and Donald Duck

By Edith Schloss

ROME — The city of Rome has allowed a group of eight contemporary artists to stage a lively event: its historic "bridge of the angels."

The "Trattisti" or Daubers — which in this case means to be defiant and outrageous — build structures made of everyday materials. The objects, made of old sticks and stones and new ribbons, tinsel and jute, are beguiling.

This is not exactly a new art form. We have seen this kind of rough, loose, handcrafted type of work before, including that done by California funk artists or by others in the Whitney Biennial show in New York six years ago.

The display in Rome includes an assemblage seemingly made of sampietrini, the Roman cobblestones; a long, white, fence-like sequence of upright willow branches and colorful stretched, ornamented hides. It all stands over the river, among Bernini's fluttering marble angels and against the silhouette of the Eternal City's cupolas. They provide a welcome note of vitality, a gay and rough foil to an ancient setting.

"I Trattisti," Ponte Sant'Angelo.

Drawings and paintings made in Italy, or inspired by it, throw a new light on Edgar Degas's passion for Italian painting and his friendship with the Macchiaioli painters in Florence. His ties with this country were natural, for his grandfather married a Neapolitan aristocrat. His sons, one of them Degas's father, represented his Neapolitan bank.

In this exhibition there are detailed, careful drawings based on drawings by a group of whimsical small paintings. Tommaso Casella makes a bright collage, Bertolini has the duck attacked by toy airplanes, Lorenzetti sculpts an abstraction of him in brass, even Matta has something surreal to say about him. The rest of the artists are less painterly and tend towards more graphic, cartoonish efforts, as is to be expected with this kind of subject matter.

An assortment of films with the original Mr. Quack is also on hand. Compared with the usual serious art show, this is a sprightly and interesting novelty.

"I Love Paperino," Palazzo Braschi, through January.

many more. The works include nude studies of Italian youths and oil portraits of friends, family and of himself in Italy. The large oil of the "Bellini family" includes his aunt, Laura, her daughters and her uncouth husband. It was painted in Florence and is brooding and grave, reflecting the drama of an unhappy marriage. There is also a minor version and many sketches for this painting.

Only an affectionately wicked sketch of his posturing fellow artist, the little Neapolitan, Carlo Pellegrini, who later became a collaborator of Vanity Fair in London, foreshadows the quickness and acute sense of movement of the ballerinas and bathing women, which are the typical images that come to mind first when Degas is mentioned.

"Degas in Italy," French Academy, Villa Medici, Trinità del Monti 1, until Feb. 10.

Toti Scialoja, one of Italy's leading abstractionists and an influential teacher, presents a group of action paintings liberally brushed in wide fluent strokes and spatters in dark earth colors. They hark back to the '40s, a sort of reappraisal of the first onslaught of the pioneers of the New York school, which Scialoja went to meet in the United States.

In these times of superficial and often slovenly work it is good to see this highly professional attack, energetic and thoughtful, weighty and balanced.

Toti Scialoja, Galleria l'Isola, Via Gregoriana 5, through January.

The show called "I Love Paperino" — Paperino stands for Donald Duck — demonstrates that a good artist can improvise on an theme, especially on such a captivating Pop Art figure. Mario Schifano changes old Donald — he's 50 now! — into a fluid, sparkling little action painting. Alberto Parres celebrates him with a witty assemblage, "Donald Duck Trophy," accompanied by a group of whimsical small paintings. Tommaso Casella makes a bright collage, Bertolini has the duck attacked by toy airplanes, Lorenzetti sculpts an abstraction of him in brass, even Matta has something surreal to say about him. The rest of the artists are less painterly and tend towards more graphic, cartoonish efforts, as is to be expected with this kind of subject matter.

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"I Love Paperino," Palazzo Braschi, through January.



Matta's "Paparino secondo," mocking D. Duck and pope.

## U. S. Senate to Get a Calder

The Associated Press

WASHINGTON — A 55-foot-high (17-meter) Calder sculpture is being built with private funds to fill the lobby of a Senate office building that was left bare because of federal budget cuts.

Nicholas Brady, a wealthy Republican who served as New Jersey's junior senator for eight months in 1982, raised money to pay for the mobile and stable design to fit in the cavernous Hart Senate Office Building.

Alexander Calder's "Mountains and Clouds," made of black steel, was intended to be installed in the white marble, nine-story atrium of the Hart building when it opened in early 1983.

But during a controversy over the building's costs, money for the sculpture and for 32 other items was cut from its construction budget, lowering the price from \$17.9 million to \$13.8 million.

The stable, depicting a jagged range of mountains, is being built by the Segre Foundry in Connecticut. Crystalization Systems Inc. of Long Island, New York, is building the motor-driven mobile, which will represent clouds drifting overhead.

The sculpture should be completely installed by mid-February and an unveiling will likely be held in the spring, according to Elliott Carroll, executive assistant to the architect of the Capitol.

ologist, said Thursday that reports that a number of fragments had been spotted at the wreck site proved to be a natural rock formation and stones from the vessel's ballast.

The Mentor, a two-masted sailing vessel, foundered off Kythira island in 1802 with 17 crates of sculptures aboard.

Costas Papatheodoropoulos, a Greek government marine archae-

ologist, said Thursday that reports that a number of fragments had been spotted at the wreck site proved to be a natural rock formation and stones from the vessel's ballast.

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## ECONOMIC SCENE

### These Experts Are Gloomy, But Try to Offer Solutions

By LEONARD SILK  
New York Times Service

NEW YORK — Thomas Carlyle in 1850 called economists "Respectable Professors of the Dismal Science," a label that has stuck. Carlyle was thinking of such gloomy prognosticators as the Reverend Thomas Malthus, who said that population growth would inevitably outrun the means of subsistence, resulting in such disastrous population checks as famine, pestilence and war.

In a sense, however, Carlyle was unfair. Malthus's forecast was not an unconditional one; he was warning that unless people delayed marriage and otherwise curbed their procreative instincts, humanity would suffer grievously.

The economists who gathered in Dallas last week for the annual meeting of the American Economic Association were, on the whole, pretty dismal. But, like Malthus, they were looking for remedies for the troubles they forecast.

Alexandre Lamfalussy, assistant general manager of the Bank for International Settlements in Basel, was embarrassed to note that, contrary to his expectations when he agreed to address the economists, no international financial crisis was at hand.

"I do not want to take the easy way out by frightening you with possible future crisis scenarios," he said, "only to end up by trying to persuade you that—despite the numerous wrongdoings of governments and even the occasionally silly behavior of market participants—the naturally enlightened and effective cooperation between central banks will either avert the crisis or at least contain it."

Instead, he described the confusions facing policy-makers with the international financial system as caught in four "interconnected evolutionary processes." These are, he said, disinflation, internationalization, innovation and deregulation. Economic theory, he said, provides "only limited guidance" and history offers no help in a situation without precedent.

What to do? Mr. Lamfalussy strongly warned against returning to what he called "complete ad hocery"—unlimited discretion for the monetary authorities, while also warning against retreating to rigid and mechanical rules. "The road to follow," he said, "is somewhere in between: rules applied with a pragmatic sense of discretion." Easier said than done, he added.

Lawrence R. Klein of the University of Pennsylvania, a winner of the Nobel Memorial Prize in Economic Science, used an economic model to trace the effects of partial disarmament on 10 developing countries. He found that small benefits "could accrue to these countries without harming the industrial country suppliers of arms," because the latter would compensate by selling capital goods to the developing countries.

But Mr. Klein cautioned that his analysis did not take account of why the 10 developing countries have such large military outlays nor the strategic consequences of unilateral cutbacks: "It merely concludes that it would be beneficial for economic performance if the disarmament could take place."

Barry J. Nalebuff of Harvard University tackled the issue of how to achieve a more stable equilibrium between the contestants in an arms race. He concluded that research and development and arms negotiation should be directed toward "preventing hidden or discontinuous jumps in the quality and quantity of strategic weapons."

A technique that makes winning a nuclear war easier would give both countries an incentive to race faster and more recklessly. "To provide stability," he said, "we should concentrate our

(Continued on Page 9, Col. 8)

### Diamond, Occidental May Unite

2 Boards Plan Monday Session

The Associated Press

LOS ANGELES — Occidental Petroleum Corp. and Diamond Shamrock Corp. announced Friday that they were considering a merger that would form America's seventh-largest oil company.

One source close to the parties, who spoke on condition that he not be identified, said it was "an accomplished fact that Occidental would either acquire or merge with Diamond Shamrock."

In a joint statement, the companies said only that they "are engaged in discussions looking toward a possible business combination."

The companies said directors would meet Monday to consider the proposal and that "a further announcement is expected to be made shortly thereafter."

The terse announcement confirmed Wall Street speculation that erupted earlier Friday after Occidental Petroleum and Diamond Shamrock both asked the New York Stock Exchange to suspend trading in their stock.

After the announcement, trading resumed, with Diamond Shamrock jumping \$3 to close at \$24.75 a share and Occidental Petroleum slipping \$2 to close at \$24.75.

The action came just one day after Occidental Petroleum's 86-year-old chairman, Armand Hammer, in an interview with The Associated Press, revised his previous prediction that a state of oil-industry mergers had "run their course."

Though he gave no hint of an agreement with Diamond Shamrock, Mr. Hammer said he expected more takeovers because oil reserves are limited and "it is cheaper to buy new reserves on Wall Street than to discover them yourself."

In 1983, Diamond Shamrock posted a net loss of \$36.2 million because of a \$194.3 million pretax writedown of its entire investment in the highly troubled Munkitell well in the Beaufort Sea off Alaska.

Diamond Shamrock and its partners lost \$1.6 billion on the project, which turned out to be the most expensive dry hole in history.

A takeover would give Occidental Petroleum control of Diamond Shamrock's proved reserves of 120.2 million barrels of oil and natural gas liquids and 915.2 billion cubic feet (27.5 billion cubic meters) of natural gas.

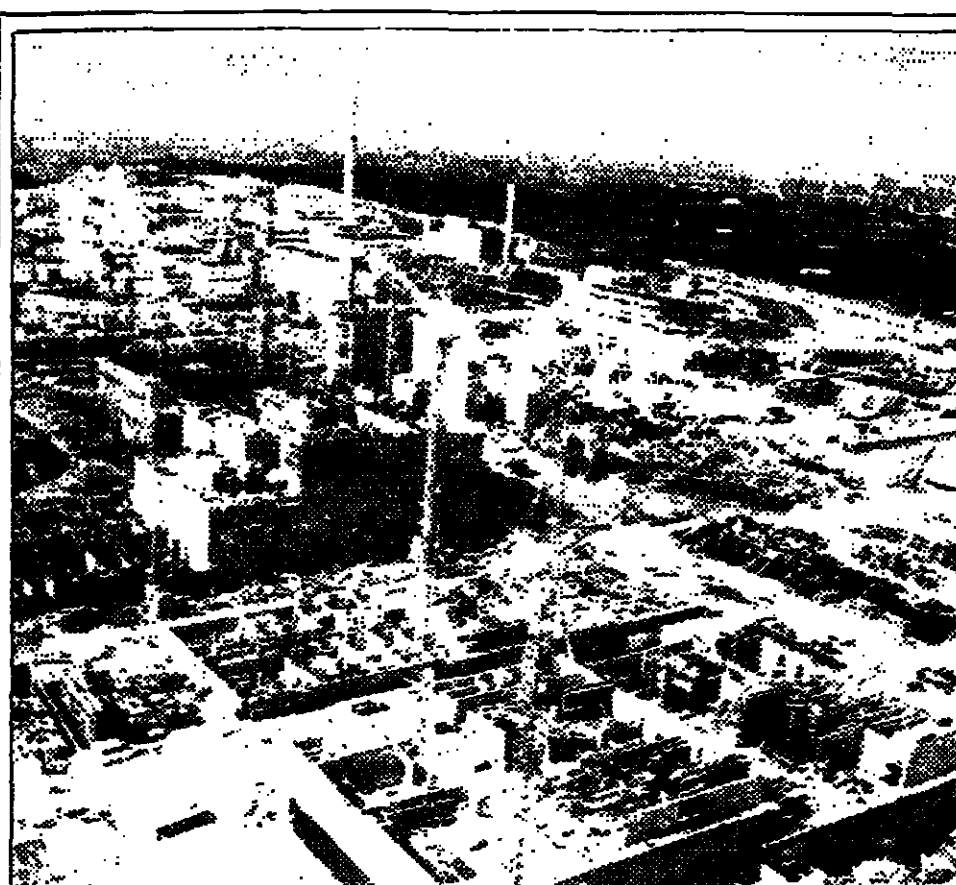
Occidental has proved reserves of 1.217 billion barrels of oil and natural gas liquids and 3.32 trillion cubic feet of natural gas.

Occidental is the 13th-largest U.S. oil company on the basis of assets and the 10th largest by sales, according to the Oil & Gas Journal, a trade magazine, which based its rankings on 1983 results.

Diamond Shamrock is the 19th-largest oil company on the basis of assets and ranks 26th on the basis of revenue.

The new company would rank seventh in sales and ninth in assets. Occidental had earnings of \$384.5 million on revenue of \$11.5 billion in the first nine months of the year, while Diamond Shamrock had earnings of \$171.4 million on revenue of \$3.45 billion.

Occidental's president, Ray Irani, 49, was a former director of research at Diamond Shamrock.



France's nuclear reprocessing complex under construction at La Hague.

### Nuclear Recycling: Europe Is Ahead

After Carter Proliferation Fears, U.S. Gets a Late Start

By Paul Lewis  
New York Times Service

CAP DE LA HAGUE, France — A row of huge concrete bunkers under construction on a Normandy cliff here bears witness to the commanding lead that France's nuclear industry, among those of several European countries, is taking over the United States in one area of nuclear technology.

This radiation-proofed buildings will house the world's first fully commercial nuclear reprocessing plant. The state-owned nuclear services company, Cogema, plans to open the plant in 1989.

Several European rivals are following close on Cogema's heels. British Nuclear Fuels Ltd. will open a similar plant at Sellafield in Britain in 1990. West German, Japanese and Belgian companies are also planning to enter the commercial reprocessing business.

At the new La Hague plant, technicians operating remote-controlled tools from behind glass windows five feet (about 1.5 meters) thick will cut up spent fuel rods from pressurized water reactors, dissolve the pieces in nitric acid and then extract the unburned uranium and plutonium.

The relatively small amount of radioactive waste left over is put into insoluble glass blocks, which will eventually be buried deep in the earth. But the uranium and plutonium recovered by the reprocessing operation can be used again as reactor fuel.

Reprocessing thus closes what scientists call "the nuclear fuel cycle," theoretically enabling a given quantity of uranium fuel to be "recycled"

(Continued on Page 9, Col. 4)

### Crude Oil Prices Decline in U.S. to Lowest Level Since 1979

NEW YORK — Crude oil traded Friday at the lowest prices since the Iranian revolution in 1979, and \$8 to \$11 a barrel below those of early January 1982, traders said.

Commenting on the continuing price fall, analysts said no bottom is in sight, but they expected prices for sweet, or low-sulphur, crude to fall to at least \$25 a barrel before stabilizing.

"We've grown so used to seeing \$25 a barrel talked about that it has become almost self-fulfilling," said a trader in Houston, Texas.

Industry analysts said the lack of demand while crude oil supplies are growing is contributing to the lower prices.

Forecasters suggesting that oil demand is not likely to expand this year added to the pressure upon crude oil prices, they said.

The cash markets for domestic and foreign sweet crudes were equally under pressure and Middle Eastern crudes, which had been weathering the storm of the last month, began to show signs of crumbling before the pressure, traders said.

Spot prices for the U.S. domestic benchmark crude, West Texas intermediate, for February delivery at Cushing, Oklahoma, fell 95 cents a barrel this week to \$25.20.

North Sea Brent cargoes for January loading dropped 50 cents over the week to \$26.05 to \$26.10 while cargoes loading in February dropped 65 cents a barrel to \$25.75.

At these prices, light sweet crudes were trading at prices that ranged from \$8.75 to more than \$11 a barrel below those of three years ago.

Some crudes had been held up as a result of demand led pressures for residual fuel to replace coal lost to the strike in Britain and as a result of uncertainty concerning the OPEC benchmark prices.

Analysts say there are signs the strike is winding down and this demand for residual fuel and heavy crudes will fall.

There is also increasing skepticism that OPEC can maintain the \$29 a barrel market price for Saudi light, analysts said.

Rumors have surfaced in the markets that indicate that Saudi Arabia will change or has changed the mixture of crude oil in its export parcel and will increase the amount of heavy crude to 55 percent while decreasing the amount of light crude to 25 percent.

Arab medium will remain the same at 20 percent of the export parcel. Based on the price changes announced effective Jan. 1 for these grades the net effect of this move would be to reduce the price of an export cargo to about \$27.36 a barrel at official prices, about 30 cents below the official price of an export parcel in December, traders said.

Traders speculate that the Saudi's may have hoped such a move will increase liftings from companies that have been underproducing but oil traders said Arab heavy, which is now 50 cents a barrel higher officially, was less desirable as a result.

### Currency Rates

Late interbank rates on Jan. 4, excluding fees.

Official fixings for Amsterdam, Brussels, Frankfurt, Milan, Paris, New York rates of 24 P.M.

	\$	DM	FF	Yen	Sw	Sc	DK	Nor	Fin	UK	Italy	Spain	Port	Greece	Bel	Irish	Other
Amsterdam	2.371	4.716	112.885	36.37	8.182	5.441	136.145	141.54	141.54	141.54	141.54	141.54	141.54	141.54	141.54	141.54	141.54
Brussels	43.32	72.96	207.145	63.34	23.368	17.24	24.146	26.10	26.10	26.10	26.10	26.10	26.10	26.10	26.10	26.10	26.10
Frankfurt	2.371	4.716	112.885	36.37	8.182	5.441	136.145	141.54	141.54	141.54	141.54	141.54	141.54	141.54	141.54	141.54	141.54
London (D)	1.133	2.268	111.445	32.240	4.174	7.995	130.24	130.24	130.24	130.24	130.24	130.24	130.24	130.24	130.24	130.24	130.24
Milan	1.94450	2.24400	61.450	200.40	54.800	30.650	79.200	79.200	79.200	79.200	79.200	79.200	79.200	79.200	79.200	79.200	79.200
Paris	1.133	2.268	111.445	32.240	4.174	7.995	130.24	130.24	130.24	130.24	130.24	130.24	130.24	130.24	130.24	130.24	130.24
Stockholm	9.675	11.161	3.046	—	4.965	2.711	13.995	13.995	13.995	13.995	13.995	13.995	13.995	13.995	13.995	13.995	13.995
Tokyo	222.575	290.49	78.84	26.14	13.04	70.91	99.99	99.99	99.99	99.99	99.99	99.99	99.99	99.99	99.99	99.99	99.99
Zurich	2.423	4.871	122.95	37.105	8.133	72.495	141.465	141.465	141.465	141.465	141.465	141.465	141.465	141.465	141.465	141.465	141.465
1 ECU	9.7556	6.6153	2.2935	4.8249	1.3497	2.5787	14.064	14.064	14.064	14.064	14.064	14.064	14.064	14.064	14.064	14.064	14.064
1 SDR	0.77075	0.5991	0.39594	1.04708	1.20273	0.4726	61.9516	61.9516	61.9516	61.9516	61.9516	61.9516	61.9516	61.9516	61.9516	61.9516	61.9516

### Dollar Values

Per \$100 U.S. Dollars

	U.S.	DM	FF	Yen	Sw	Sc	DK	Nor	Fin	UK	Italy	Spain	Port	Greece	Bel	Irish	Other
Amsterdam	1.133	2.268	111.445	32.240	4.174	7.995	130.24	130.24	130.24	130.24	130.24	130.24	130.24	130.24	130.24	130.24	130.24
Brussels	1.133	2.268	111.445	32.240	4.174	7.995	130.24	130.24	130.24	130.24	130.24	130.24	130.24	130.24	130.24	130.24	130.24
Frankfurt	1.133	2.268	111.445	32.240	4.174	7.995	130.24	130.24	130.24	130.24	130.24	130.24	130.24	130.24	130.24	130.24	130.24
London (D)	1.133	2.268	111.445	32.240	4.174	7.995	130.24	130.24	130.24	130.24	130.24	130.24	130.24	130.24	130.24	130.24	130.24
Milan	1.94450	2.24400	61.450	200.40	54.800	30.650	79.200	79.200	79.200	79.200	79.200	79.200	79.200	79.200	79.200	79.200	79.200
Paris	1.133	2.268	111.445	32.240	4.174	7.995	130.24	130.24	130.24	130.24	130.24	130.24	130.24	130.24	130.24	130.24	130.24
Stockholm	9.675	11.161	3.046	—	4.965	2.711	13.995	13.995	13.995	13.995	13.995	13.995	13.995	13.995	13.995	13.995	13.995
Tokyo	222.575	290.49	78.84	26.14	13.04	70.91	99.99	99.99	99.99	99.99	99.99	99.99	99.99	99.99	99.99	99.99	99.99
Zurich	2.423	4.871	122.95	37.105	8.133	72.495	141.465	141.465	141.465	141.465	141.465	141.465	141.465	141.465	141.465	141.465	141.465
1 ECU	9.7556	6.6153	2.2935	4.8249	1.3497	2.5787	14.064	14.064	14.064	14.064	14.064	14.064	14.064	14.064	14.064	14.064	14.064
1 SDR	0.77075	0.5991	0.39594	1.04708	1.20273	0.4726	61.9516	61.9516	61.9516	61.9516	61.9516	61.9516	61.9516	61.9516	61.9516	61.9516	61.9516

Source: Reuters

Notes: 1. 100 U.S. Dollars = 100 U.S. Dollars. 2. 100 U.S. Dollars = 100 U.S. Dollars. 3. 100 U.S. Dollars = 100 U.S. Dollars. 4. 100 U.S. Dollars = 100 U.S. Dollars. 5. 100 U.S. Dollars = 100 U.S. Dollars. 6. 100 U.S. Dollars = 100 U.S. Dollars. 7. 100 U.S. Dollars = 100 U.S. Dollars. 8. 100 U.S. Dollars = 100 U.S. Dollars. 9. 100 U.S. Dollars = 100 U.S. Dollars. 10. 100 U.S. Dollars = 100 U.S. Dollars. 11. 100 U.S. Dollars = 100 U.S. Dollars. 12. 100 U.S. Dollars = 100 U.S. Dollars. 13. 100 U.S. Dollars = 100 U.S. Dollars. 14. 100 U.S. Dollars = 100 U.S. Dollars. 15. 100 U.S. Dollars = 100 U.S. Dollars. 16. 100 U.S. Dollars = 100 U.S. Dollars. 17. 100 U.S. Dollars = 100 U.S. Dollars. 18. 100 U.S. Dollars = 100 U.S. Dollars. 19. 100 U.S. Dollars = 100 U.S. Dollars. 20. 100 U.S. Dollars = 100 U.S. Dollars. 21. 100 U.S. Dollars = 100 U.S. Dollars. 22. 100 U.S. Dollars = 100 U.S. Dollars. 23. 100 U.S. Dollars = 100 U.S. Dollars. 24. 100 U.S. Dollars = 100 U.S. Dollars. 25. 100 U.S. 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NYSE Most Actives					
Symbol	Vol.	High	Low	Last	Chg.
Diamond	370	48 1/4	48 1/4	48 1/4	+
Swing	370	48 1/4	48 1/4	48 1/4	+
Swing	370	48 1/4	48 1/4	48 1/4	+
Swing	370	48 1/4	48 1/4	48 1/4	+
Swing	370	48 1/4	48 1/4	48 1/4	+
Swing	370	48 1/4	48 1/4	48 1/4	+
Swing	370	48 1/4	48 1/4	48 1/4	+
Swing	370	48 1/4	48 1/4	48 1/4	+
Swing	370	48 1/4	48 1/4	48 1/4	+
Swing	370	48 1/4	48 1/4	48 1/4	+

Dow Jones Averages					
Index	Open	High	Low	Last	Chg.
Indus	1187.17	1192.87	1182.62	1184.96	-4.86
Trans	144.62	147.16	143.77	146.54	-0.72
Comp	481.73	485.21	478.00	482.75	-2.97

NYSE Index					
Index	Open	High	Low	Last	Chg.
Composite	1187.17	1192.87	1182.62	1184.96	-4.86
Indus	144.62	147.16	143.77	146.54	-0.72
Trans	481.73	485.21	478.00	482.75	-2.97

Friday's  
**NYSE**  
Closing

Vol. of 4 P.M. 77,888,000  
Prev. 4 P.M. vol. 83,300,000  
Prev. consolidated close 185,482.10

Tables include the afternoon prices on the closing on Wall Street

AMEX Diaries					
Index	Open	High	Low	Last	Chg.
Advanced	1187.17	1192.87	1182.62	1184.96	-4.86
Unchanged	144.62	147.16	143.77	146.54	-0.72
New	481.73	485.21	478.00	482.75	-2.97

NASDAQ Index					
Index	Open	High	Low	Last	Chg.
Composite	1187.17	1192.87	1182.62	1184.96	-4.86
Indus	144.62	147.16	143.77	146.54	-0.72
Trans	481.73	485.21	478.00	482.75	-2.97

AMEX Most Actives					
Symbol	Vol.	High	Low	Last	Chg.
AM Int	444	3 1/4	3 1/4	3 1/4	+
AM Int	444	3 1/4	3 1/4	3 1/4	+
AM Int	444	3 1/4	3 1/4	3 1/4	+
AM Int	444	3 1/4	3 1/4	3 1/4	+
AM Int	444	3 1/4	3 1/4	3 1/4	+
AM Int	444	3 1/4	3 1/4	3 1/4	+
AM Int	444	3 1/4	3 1/4	3 1/4	+
AM Int	444	3 1/4	3 1/4	3 1/4	+
AM Int	444	3 1/4	3 1/4	3 1/4	+
AM Int	444	3 1/4	3 1/4	3 1/4	+

12 Month	High	Low	Stock	Div.	Yld.	PE	St.	100	High	Low	Close	Chg.
12/84	144 1/4	143 1/4	144 1/4	1 1/2	4 1/2	15 1/2	100	144 1/4	143 1/4	144 1/4	144 1/4	+
12/84	144 1/4	143 1/4	144 1/4	1 1/2	4 1/2	15 1/2	100	144 1/4	143 1/4	144 1/4	144 1/4	+
12/84	144 1/4	143 1/4	144 1/4	1 1/2	4 1/2	15 1/2	100	144 1/4	143 1/4	144 1/4	144 1/4	+
12/84	144 1/4	143 1/4	144 1/4	1 1/2	4 1/2	15 1/2	100	144 1/4	143 1/4	144 1/4	144 1/4	+
12/84	144 1/4	143 1/4	144 1/4	1 1/2	4 1/2	15 1/2	100	144 1/4	143 1/4	144 1/4	144 1/4	+
12/84	144 1/4	143 1/4	144 1/4	1 1/2	4 1/2	15 1/2	100	144 1/4	143 1/4	144 1/4	144 1/4	+
12/84	144 1/4	143 1/4	144 1/4	1 1/2	4 1/2	15 1/2	100	144 1/4	143 1/4	144 1/4	144 1/4	+
12/84	144 1/4	143 1/4	144 1/4	1 1/2	4 1/2	15 1/2	100	144 1/4	143 1/4	144 1/4	144 1/4	+
12/84	144 1/4	143 1/4	144 1/4	1 1/2	4 1/2	15 1/2	100	144 1/4	143 1/4	144 1/4	144 1/4	+
12/84	144 1/4	143 1/4	144 1/4	1 1/2	4 1/2	15 1/2	100	144 1/4	143 1/4	144 1/4	144 1/4	+

## Prices on NYSE Slump Again

**NEW YORK** — Prices on the New York Stock Exchange slumped again Friday, recording their third straight loss since the beginning of the new year.

Some computer and other technology issues sustained notable losses in a session of quiet trading.

The Dow Jones average of 30 industrials, down 21.75 points in the first two sessions of the year, dropped another 4.86 to 1,184.96.

Volume came to 77.88 million shares, down from 88.88 million Thursday.

Analysts said there was a general mood of disappointment among traders over the market's sluggish start on 1985. Once the pressure of year-end tax selling was lifted, many market watchers had been hoping for a rally.

The news Thursday of a 4.3-percent rise in factory orders during November provided an upbeat signal for production activity in the early stages of 1985. But it stirred little enthusiasm for stocks.

Brokers noted that Wall Street was bracing for the Federal Reserve's weekly report on the money supply, due out after the close. The figures were expected to show a sharp increase for the week ended Dec. 24. Those expectations were fulfilled, and then some. The Fed reported a \$6.7-billion rise in M-1, the basic measure of the money supply.

Prices of government bonds dropped about \$5 for every \$1,000 in face value in Friday's activity as long-term interest rates rose.

Money yield fell 1/8 to 5.6%. In the course of issuing a forecast of higher revenue and earnings for 1985 on Thursday, the company said it saw "cautionary signals in the economy."

## U.S. Money Supply Grows

**NEW YORK** — The narrowest measure of the U.S. money supply, M-1, rose \$6.7 billion in mid-December, the Federal Reserve Board reported Friday.

The Fed said M-1 rose to a seasonally adjusted \$557.6 billion in the week ended Dec. 24 from \$550.9 billion the previous week. M-1 is a measure of money supply growth that includes currency in circulation, travelers checks and checking deposits at financial institutions.

Digital Equipment dropped 3 1/2 to 105. Digital said it was laying off some workers were nature.

Scovill climbed 2 1/2 to 42 1/2. An investor group said it raised its offer for the company's stock from \$35 to \$42.50 a share.

Gold-mining issues were weak as the price of gold closed below \$300 on the Commodity Exchange in New York for the first time in more than 2 1/2 years. ASA Ltd. was down 1/4 at 46; Homestake Mining 1/4 at 20 1/2; and Campbell Red Lake Mines 1/4 at 16 1/2.

In the daily tally on the Big Board, about four issues declined in price for every three that advanced. The exchange's composite index lost 45 to 94.60.

Nationwide turnover in NYSE-listed issues, including trades in these stocks on regional exchanges and in the over-the-counter market, totaled \$6.89 million shares.

Standard & Poor's index of 400 industrials fell 90 to 182.34.

12 Month	High	Low	Stock	Div.	Yld.	PE	St.	100	High	Low	Close	Chg.
12/84	144 1/4	143 1/4	144 1/4	1 1/2	4 1/2	15 1/2	100	144 1/4	143 1/4	144 1/4	144 1/4	+
12/84	144 1/4	143 1/4	144 1/4	1 1/2	4 1/2	15 1/2	100	144 1/4	143 1/4	144 1/4	144 1/4	+
12/84	144 1/4	143 1/4	144 1/4	1 1/2	4 1/2	15 1/2	100	144 1/4	143 1/4	144 1/4	144 1/4	+
12/84	144 1/4	143 1/4	144 1/4	1 1/2	4 1/2	15 1/2	100	144 1/4	143 1/4	144 1/4	144 1/4	+
12/84	144 1/4	143 1/4	144 1/4	1 1/2	4 1/2	15 1/2	100	144 1/4	143 1/4	144 1/4	144 1/4	+
12/84	144 1/4	143 1/4	144 1/4	1 1/2	4 1/2	15 1/2	100	144 1/4	143 1/4	144 1/4	144 1/4	+
12/84	144 1/4	143 1/4	144 1/4	1 1/2	4 1/2	15 1/2	100	144 1/4	143 1/4	144 1/4	144 1/4	+
12/84	144 1/4	143 1/4	144 1/4	1 1/2	4 1/2	15 1/2	100	144 1/4	143 1/4	144 1/4	144 1/4	+
12/84	144 1/4	143 1/4	144 1/4	1 1/2	4 1/2	15 1/2	100	144 1/4	143 1/4	144 1/4	144 1/4	+
12/84	144 1/4	143 1/4	144 1/4	1 1/2	4 1/2	15 1/2	100	144 1/4	143 1/4	144 1/4	144 1/4	+

12 Month	High	Low	Stock	Div.	Yld.	PE	St.	100	High	Low	Close	Chg.
12/84	144 1/4	143 1/4	144 1/4	1 1/2	4 1/2	15 1/2	100	144 1/4	143 1/4	144 1/4	144 1/4	+
12/84	144 1/4	143 1/4	144 1/4	1 1/2	4 1/2	15 1/2	100	144 1/4	143 1/4	144 1/4	144 1/4	+
12/84	144 1/4	143 1/4	144 1/4	1 1/2	4 1/2	15 1/2	100	144 1/4	143 1/4	144 1/4	144 1/4	+
12/84	144 1/4	143 1/4	144 1/4	1 1/2	4 1/2	15 1/2	100	144 1/4	143 1/4	144 1/4	144 1/4	+
12/84	144 1/4	143 1/4	144 1/4	1 1/2	4 1/2	15 1/2	100	144 1/4	143 1/4	144 1/4	144 1/4	+
12/84	144 1/4	143 1/4	144 1/4	1 1/2	4 1/2	15 1/2	100	144 1/4	143 1/4	144 1/4	144 1/4	+
12/84	144 1/4	143 1/4	144 1/4	1 1/2	4 1/2	15 1/2	100	144 1/4	143 1/4	144 1/4	144 1/4	+
12/84	144 1/4	143 1/4	144 1/4	1 1/2	4 1/2	15 1/2	100	144 1/4	143 1/4	144 1/4	144 1/4	+
12/84	144 1/4	143 1/4	144 1/4	1 1/2	4 1/2	15 1/2	100	144 1/4	143 1/4	144 1/4	144 1/4	+

12 Month	High	Low	Stock	Div.	Yld.	PE	St.	100	High	Low	Close	Chg.
12/84	144 1/4	143 1/4	144 1/4	1 1/2	4 1/2	15 1/2	100	144 1/4	143 1/4	144 1/4	144 1/4	+
12/84	144 1/4	143 1/4	144 1/4	1 1/2	4 1/2	15 1/2	100	144 1/4	143 1/4	144 1/4	144 1/4	+
12/84	144 1/4	143 1/4	144 1/4	1 1/2	4 1/2	15 1/2	100	144 1/4	143 1/4	144 1/4	144 1/4	+
12/84	144 1/4	143 1/4	144 1/4	1 1/2	4 1/2	15 1/2	100	144 1/4	143 1/4	144 1/4	144 1/4	+
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12/84	144 1/4	143 1/4	144 1/4	1 1/2	4 1/2	15 1/2	100	144 1/4	143 1/4	144 1/4	144 1/4	+
12/84	144 1/4	143 1/4	144 1/4	1 1/2	4 1/2	15 1/2	100	144 1/4	143 1/4	144 1/4	144 1/4	+
12/84	144 1/4	143 1/4	144 1/4	1 1/2	4 1/2	15 1/2	100	144 1/4	143 1/4	144 1/4	144 1/4	+
12/84	144 1/4	143 1/4	144 1/4	1 1/2	4 1/2	15 1/2	100	144 1/4	143 1/4	144 1/4	144 1/4	+

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12/84	144 1/4	143 1/4	144 1/4	1 1/2	4 1/2	15 1/2	100	144 1/4	143 1/4	144 1/4	144 1/4	+
12/84	144 1/4	143 1/4	144 1/4	1 1/2	4 1/2	15 1/2	100	144 1/4	143 1/4	144 1/4	144 1/4	+
12/84	144 1/4	143 1/4	144 1/4	1 1/2	4 1/2	15 1/2	100	144 1/4	143 1/4	144 1/4	144 1/4	+
12/84	144 1/4	143 1/4	144 1/4	1 1/2	4 1/2	15 1/2	100	144 1/4	143 1/4	144 1/4	144 1/4	+

(Continued on Page 10)



BUSINESS ROUNDUP

Judge Orders  
Air Florida to  
Stand Trial

MIAMI — A federal judge has ruled that Air Florida and three Central American airlines must stand trial on criminal charges of conspiracy to fix prices in violation of U.S. antitrust law.

The ruling Thursday by U.S. District Judge Lenore C. Nesbitt reversed an order Sept. 10 by U.S. Bankruptcy Judge Sidney Weaver indefinitely staying criminal proceedings against Air Florida.

A week after Air Florida filed for protection from creditors under Chapter 11 of the federal bankruptcy law, a federal grand jury indicted the airline.

The indictment charged that Air Florida and the other three airlines conspired to fix rates on routes between cities in the United States and Central America in violation of the Sherman Antitrust Act.

Air Florida resumed flying and rehired some of its 1,200 fired employees in October under the name Midway Express, a subsidiary of Chicago-based Midway Airlines.

First City  
Improves Offer  
For Scovill

NEW YORK — First City Properties Inc. said Friday that it was increasing the price of its offer for Scovill Inc. to \$42.50 a share, or \$522 million, from \$35, or \$430 million.

Scovill stock rose \$2.75 to \$42.25 Friday in trading on the New York Stock Exchange. First City said its offer will expire Jan. 18 unless extended and withdrawal rights will expire Jan. 11.

The company, controlled by Canada's Bell Group, said its increased price results from negotiations with Morgan Stanley & Co. Inc. and Morgan Lewis Githens and Ahn Inc., investment bankers for Scovill.

First City said it expects the Scovill board to act on the increased offer and related proposed arrangements between the two companies this week.

Diversifoods Chief to Leave; Dividend Is Dropped

CHICAGO — Diversifoods Inc., which has been in turmoil since October, has announced that its chief executive is leaving the company and that the fourth-quarter dividend is being omitted.

Donald N. Smith is stepping down both as chief executive and president. His resignation follows the failure of an investor that he led to arrange financing for the buyout of Diversifoods.

The group, which included other senior managers and Allen & Co., a New York investment firm, had proposed a leveraged buyout of the company in October.

On Oct. 15, the investor group announced its intention to offer \$15.50 a share for Diversifoods' roughly 33.7 million shares for a total of about \$525 million. On

Dec. 10 Diversifoods announced that a tentative agreement for the leveraged buyout had been terminated.

On Thursday, the company closed at \$9.50, up 12.5 cents, in over-the-counter trading.

Diversifoods, based in Itasca, Illinois, was formed in December 1983 by the merger of Godfather's Pizza Inc. and Chart House Inc., a chain of steak and seafood restaurants.

After the board voted to omit the dividend, Kenneth E. Pieper, a company spokesman, said that the payout, which has traditionally been about 8% cents in each of the first three quarters, will be evaluated on a quarter-to-quarter basis.

Mr. Pieper said that John M. Creed, who has headed the company's Chart House unit, would become president and chief operating officer. Mr. Creed will share the

chief executive position with William E. Trotter 2d, chairman, and W. David Hanks, who has been a company senior vice president for finance and administration.

The company reported earnings for the nine months ended Sept. 30 of \$22.2 million, or 66 cents a share, on sales of \$420.7 million, slightly down from earnings of \$22.9 million, or 69 cents a share, on revenues of \$359.1 million in the period a year earlier.

Last month, Diversifoods predicted that fourth-quarter earnings would be sharply lower than the \$3.3 million, or 25 cents a share, recorded in the last quarter of 1983.

The earnings decline, coupled with continued difficulties that Godfather's Pizza was having in formulating a new deep-dish pizza, apparently made lenders wary of financing the Smith investor

group's leveraged buyout proposal of \$15.50 a share.

The company's board rejected an alternate buyout plan, consisting basically of cash and debentures, from the investor group.

Early last month, William M. Thesen, the founder of Godfather's and Diversifoods' vice chairman, announced he was resigning as a director because of "communications difficulties with management that had built to a crescendo throughout the year," according to Bruce C. Rohde, Mr. Thesen's attorney.

Diversifoods operates more than 1,400 restaurants in the United States, Canada, Puerto Rico, and the Virgin Islands. In addition to Chart House and Godfather's, Diversifoods is the largest Burger King franchisee in the country and operates Luther's Bar-B-Q and Moxie's hamburger restaurants.

Exxon Is to Buy  
Grace Oil Stake

NEW YORK — W. R. Grace & Co., a chemical concern with wide-ranging energy holdings, has announced an agreement in principle to sell several of its oil and gas interests to Exxon Corp. for about \$126.5 million in cash.

Grace announced Thursday that Exxon had agreed to purchase the oil and gas interests presently held by Grace's Grace Petroleum Corp. subsidiary.

The agreement includes related assets and exploration rights in Alabama, Louisiana, Oklahoma and Wyoming. Eight different oil fields are involved, it said.

Grace said that a purchase agreement is expected to be worked out shortly, and that a closing agreement is expected within 90 days. The accord is subject to government approval.

Harold R. Logan, head of Grace's Natural Resources Group and a company vice chairman, said: "Exxon offered us a fair price for a portion of this business."

NYSE May Ease Rules  
On Share Voting Rights

By Michael A. Hiltzik  
Los Angeles Times Staff Writer

NEW YORK — The New York Stock Exchange is poised to overturn its half-century-old prohibition against listed companies issuing multiple classes of stock with unequal voting rights.

The ban has threatened to drive some prominent corporations that use the maneuver as a takeover defense off the Big Board and into the over-the-counter market.

The exchange announced Thursday that a subcommittee of its public policy committee has recommended allowing companies to issue new classes of stock as long as they have the approval of holders of two-thirds of existing common shares and the approval of a majority of outside directors.

Under the proposal, the voting differential between the new shares and the old could be no more than 10-1, and no shareholder rights other than voting could differ.

The recommendation must be approved by the full committee, the NYSE board and the Securities and Exchange Commission.

But the immediate effect is the end to delisting proceedings, pending the possible rule change, that the exchange has started against four companies: Dow Jones & Co., publisher of The Wall Street Journal, Hershey Foods Corp., General Cinema Corp. and Coastal Corp.

All established new classes of stock as takeover defenses.

Implicit in the subcommittee's recommendation, said panel members, is the notion that the exchange should allow a corporation to make any bylaw or charter change that gains two-thirds approval from shareholders, a sufficiently large block to protect existing shareholder interests.

"That's a big, big hurdle," Andrew C. Sigler, a subcommittee member and chairman and chief executive of Champion International Corp., said of the approval requirement. "I'll be damned if I can see how they will get it in most situations."

[Some Wall Street experts were concerned the proposed change would encourage widespread adoption of different classes of stock by many companies trying to prevent takeovers, the Washington Post reported.]

"I would hate to see any deterioration in the New York Stock Exchange's high standards for listing," said John C. Whitehead, retired senior partner of Goldman, Sachs & Co. "Taking any voting

rights away from public stockholders is a very serious matter."

The NYSE no longer dominates trading in shares of major corporations as it once did.

Some large companies have chosen to remain in the over-the-counter market, which now nearly matches the Big Board in efficiency and liquidity, two key considerations for publicly traded corporations.

The exchange also has lost its virtual monopoly in trading of stock in its own listed companies, as more trading is executed on regional stock exchanges and by brokers specializing in private transactions.

Economists  
Are Gloomy

(Continued from Page 7)

efforts not on winning the race, but on making the arms race unwinnable."

It is not quite clear how this applies to President Ronald Reagan's instructions to Secretary of State George P. Shultz, in next week's meeting with Foreign Minister Andrei A. Gromyko, to reject any Soviet proposal to negotiate limits on developing new anti-missile defenses. But it seems to imply that the United States should avoid alarming the Russians that they are falling dangerously behind in technology.

However, Mr. Nalebuff added that there was a value to being perceived as irrational. "Because of the incentive to be perceived as irrational," he told the economists, "appearances of irrationality cannot automatically be assumed to be true. Unfortunately, this leaves little room in the arms race for the truly irrational." Mr. Shultz, though an economist, may have difficulty in following these guidelines.

In a more traditional area of economic analysis, Ben E. Liden, chief economist of T. Rowe Price Associates Inc., the mutual funds concern, found an "extremely high potential" for attractive returns in equities in the years ahead, because "the improvement in inflation and the return of satisfactory economic growth should allow the stock market to catch up for underperformance during the last 15 years."

Europe Takes Lead Over U.S.  
In Nuclear Waste Recycling

(Continued from Page 7)

four-fifths of the 3,000 tons of fuel that they will be using annually.

The U.S. nuclear industry seems unaffected by the revived interest in Europe and Japan in commercial reprocessing, despite the Reagan administration's efforts to encourage the development of a private reprocessing industry in the United States.

A commercial reprocessing plant that operated for six years at West Valley, New York, was closed in 1972 for alterations and expansion, but it was never reopened, partly because of increasing worries about its safety.

Then in 1981, President Ronald Reagan lifted the ban on the reprocessing of U.S. nuclear fuels that had been imposed by the Carter administration, which tried unsuccessfully to get the technology outlawed throughout the world.

President Jimmy Carter argued that the plutonium produced would facilitate the proliferation of nuclear weapons.

But the Department of Energy failed to persuade private companies to complete a planned civilian reprocessing plant at Barnwell, South Carolina.

Then, uncertainty about the future course of U.S. policy, unresolved regulatory problems and doubts about the economic viability

of reprocessing combined to deter private investors.

As a result, U.S. reactor operators still stockpile all of their spent fuel and buy new supplies every time a load becomes exhausted.

"To make sense economically, the users needed the federal government to buy the plutonium at the right price," says Stephen Kraft of the Edison Electric Institute, a Washington-based body representing U.S. utilities.

Within the nuclear industry, attitudes toward reprocessing often seem influenced by factors other than simple economics, including the desire to master an advanced technology and develop alternative energy sources.

While the Carter administration did not want to encourage an industrial process that would greatly increase the amount of plutonium in existence, European supporters of reprocessing see the process as a means of extracting almost unlimited quantities of energy from the world's uranium reserves.

Initially, they plan to burn some of the plutonium created in present-day pressurized water reactors. They assert that this is an anti-proliferation measure, since the plutonium is destroyed.

But eventually, the plutonium will be used to fuel the new generation of fast breeder reactors.

Mexico Pays  
Part of Debt

(Continued from Page 7)

money and induced banks to lend them more to ease the domestic impact of their austerity programs. Nevertheless, the programs resulted in severe recessions in Mexico and Brazil.

Today, however, both countries appear to be emerging from the recessions, and have shored up their finances so that they no longer need new loans, although major debtor countries still cannot repay their outstanding loans on schedule.

Peru has made a payment of about \$52 million to its creditor banks as part of a plan to clear interest arrears on its bank debt. Reuters quoted banking sources as saying Friday in London.

Late last month, the outgoing economy minister, José Benavides, said Peru would repay \$50 to \$51 million, but the sources said the figure that had been paid was slightly higher.

Over-the-Counter

Table with multiple columns showing stock prices and market data for various companies. Includes sub-headers like 'Sales in 100s High Low 3P.A. Chgs' and 'Net'.

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TO THE EDITOR

Reaching  
More Than  
a Third of  
a Million  
Readers in  
164 Countries  
Around  
the World.







WORLD BRIEFS  
...Has Cancer Surgery...  
...to Soviet Physics...  
...in Bombing in Britain...  
...Billion Francs...

**Friday's AMEX Closing**  
Vol. of 4 P.M. 5,420,000  
Prev. 4 P.M. 5,320,000  
Tables include the nationwide prices up to the closing on Wall Street

Table with 12 columns: 12 Month High/Low, Stock, Div, Yld, PE, 52 Wk High/Low, Close, Chg, Crp. Rows include various international stocks like ABB, AEG, AEG, etc.

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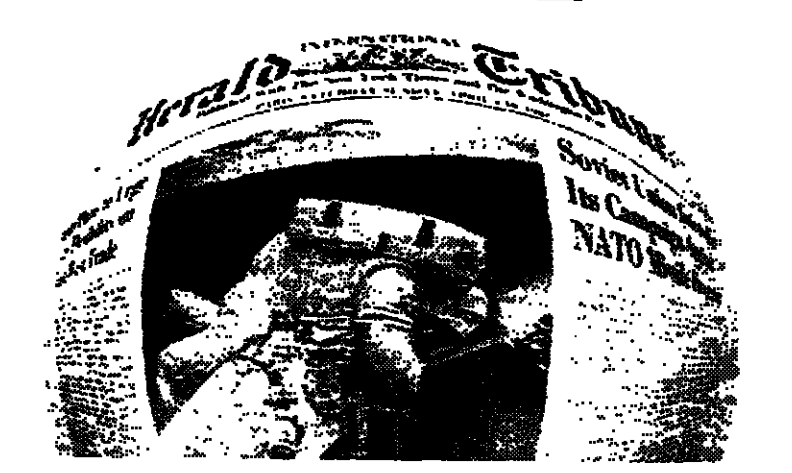
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# The Global Newspaper



**Floating Rate Notes**  
Table with 12 columns: Dollar, Jan. 4, Bid, Ask. Rows include various floating rate notes like 100,000,000, 100,000,000, etc.

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SPORTS

# Girardelli, Figini Cup Winners

The Associated Press  
BAD WIESSEE, West Germany — Marc Girardelli of Luxembourg skied two perfect runs in scoring an overwhelming victory in a World Cup slalom here Friday.

Meanwhile, in Maribor, Yugoslavia, Michela Figini won a women's World Cup giant slalom race, leading the Swiss to five of the first

It was at Kitzbuehel, Austria, that Stenmark won by 3.16 seconds over American Phil Mahre in 1982, a record margin for a slalom.

WORLD CUP SKIING  
Six places. The Swiss streak was interrupted only by Blanca Fernandez-Ochoa of Spain, who finished

Gruber fell in the second leg, while Krizaj made several mistakes in the top part of the course to drop to fifth place.

"It's a dream come true to finish second," Beck said. "I could have had an even better time, but I made one mistake at the bottom of the

"It was very, very difficult," Figini said afterward. "It was a hard course with many runs. It was my first giant slalom victory, my best

Girardelli's fourth triumph of the season, the second in a slalom, gave him the overall lead in the cup standings with 120 points, 16 ahead

The second run also was selective, but there were fewer falls.

Girardelli clocked 54.66 seconds in the first leg and 56.63 in the second for a combined 1:51.29.

Fourth through sixth places went to Switzerland's Maria Walliser (2:35.62), Erika Hess (2:36.13) and

"I was very confident in both runs and I had no problems on the course. I made two very good

World Cup organizers announced Friday scheduling changes after the cancellation of a men's slalom and a giant slalom in

"I was trying to put a record margin between me and second place. I didn't do it this time, but I'll try again in Kitzbuehel in the next race."

Friday's race began in a blizzard that later slackened, but snow fell throughout. The first run was marked with 64 gates and the second with 68; the course had a vertical drop of 195 meters (640 feet).

## 49ers' Defense Big Key to NFC Title

The Associated Press  
SAN FRANCISCO — Sunday's NFC title game is being billed as a showdown between the Joe Montana-led offense of the San Francisco 49ers and the National Football

That explains the talk about the reinvigorated Monsters of the Midway. Defensive coordinator Buddy Ryan's philosophy is to attack.

NFL PLAYOFF PREVIEW  
League-leading Chicago Bear defense led by all-pros Dan Hampton, Mike Singletary and Richard Dent.

"The reason they can get away with playing a gambling kind of defense is because they have truly outstanding players. They have a great defensive line and linebacking and, when they're healthy, a secondary that's as good as any around."

Except for something that's been overlooked — the 49ers have a defense, too. Not as overpowering as Chicago's, perhaps, but just as effective — particularly in one vital statistic: points allowed.

But the 49ers, 11-point favorites, also have good defensive players. Linebacker Keena Turner and backer Ronnie Lott, Dwight Hicks and Carlton Williamson are all going to the Pro Bowl; and their colleague who's not, cornerback Eric Wright, was a second team all-pro.

During the regular season, San Francisco and Chicago were 2-3 in

Then there's pass-rusher Fred Dean, who held out for the first 10 games. He had two sacks against the Giants last week after registering four in six regular-season games. Six in seven games is an all-pro production.

## Miami Defenders Shaping Up For AFC Clash With Steelers

By Gerald Eskenazi  
New York Times Service  
MIAMI — The Miami Dolphins defense might have been so awed by the offense's ability to score this season that it simply relaxed when it got on the playing field.

"I think Dent is a fine pass-rusher as there is in football," says 49er Coach Bill Walsh of the man he hopes can be kept out of quarterback Montana's face Sunday.

That theory was offered Thursday by the team's mountain man, 6-foot-7-inch, 200-pound Doug Betters. "We weren't ready for the success the offense was going to have," said the left defensive end, explaining the Dolphins' late-season defensive slump. In its final five games, Miami yielded 137 points.

The 49ers are confident their defense can stop almost anything Chicago throws at them — be it world-class speedster Willie Gault, who broke loose for a 75-yard run against Washington after taking a 10-yard toss from quarterback Steve Fuller, or all-time NFL rushing leader Walter Payton.

The defense recovered in a fine 31-10 victory over Seattle in the divisional playoff Saturday, limiting the Seahawks' running game — so effective a week before in a playoff victory over the Raiders — to 58 yards.

Walsh is hoping the soft grass turf of Candlestick Park can slow up Payton as he has the Los Angeles Rams' Eric Dickerson (only 98 yards in 26 carries here), Tampa Bay's James Wilder (18 carries, 89 yards) and Washington's John Riggs (just 12 yards on 10 carries).

Now it is preparing for Sunday's American Conference championship game against the Pittsburgh Steelers, who have a more powerful ground attack and a slick quarterback, Mark Malone, who can throw for 200 yards.

As for Gault, cornerback Wright thinks he has the answer. "We fight guys like him every week," Wright says. "I'll play just like I did last week — in his face all day. If he gets by me, well, then he's a problem. If Fuller can get him the ball."

Condi Miami's defense have been lulled by an offense that was able to score more than 500 points this season, that set league records for touchdowns and passing yardage?

For good measure, the Blackwater Brothers, Lyle and Glenn, play at safety.

For despite the performances of Dan Marino and receivers Mark Clayton and Mark Duper, the defense was getting virtually as much playing time as the offense, which averaged 32 points a game in only 30 minutes 18 seconds of playing time. The defense got tired.

Two other world bests were set opening night at the 16-team meet. East German Dirk Richter's 54.34 in the 100-meter backstroke lowered the mark of 54.55 set in 1981 by Bengt Baron of Sweden. The U.S. women's 200-meter freestyle relay team won in 1:43.50; the previous mark, 1:53.45, was held by the St. Petersburg, Florida, Swim Club.

Bettors is the quarterback-chaser on a defense always known for being shifty, smart and tricky, if not overpowering.

World bests are marks set in short-course (25-meter) pools. World records can only be set in 50-meter pools.

"Fifty-four seconds on the field and the offense scores in four plays, and we have to go back," Bettors said. "It's a high-powered offense, so we started playing a laid-back game. I'm glad we finally pulled out of it."

World records can only be set in 50-meter pools.

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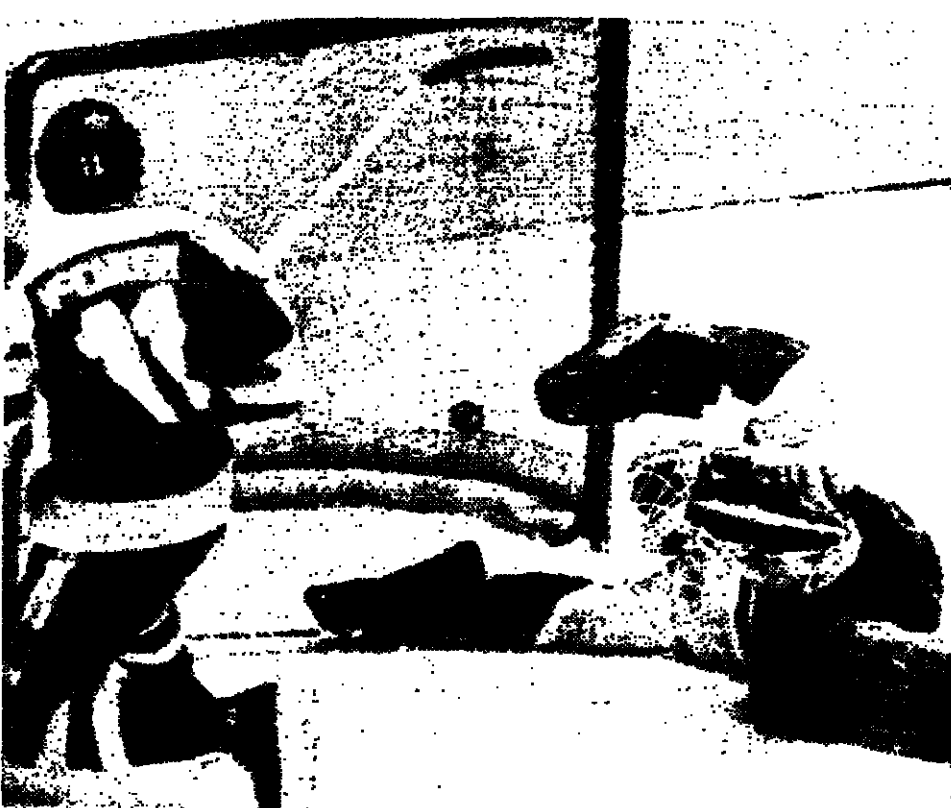
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Tom McCarthy began his hat trick against goalie Bob Janecyk at 14:39 of the first period.

## North Stars Win on Double Hat Trick

Compiled by Our Staff From Dispatches  
INGLEWOOD, California — There was a time when hat tricks were commonplace for the Minnesota North Stars. But this year the team that used to boast one of the National Hockey League's most potent offenses has had trouble

the third of their careers for both Acton and McCarthy, who each also contributed an assist Thursday.

Neal Broten and Mark Napier also had three assists as the North Stars erased an early 2-0 deficit with four unanswered goals.

In the third period, Minnesota finished strong, scoring three goals, including two by McCarthy, against replacement goalie Darren Eliot, who replaced Bob Janecyk after two periods.

After controlling the early going, the Kings took themselves out of things.

"We stopping hitting, stopped taking the man out," said Bernie Nicholls, who scored twice for the losers.

"If we'd have played like we did the first 10 minutes, we'd have been O.K."

Los Angeles Coach Pat Quinn is not happy with a team that has gone winless (0-4-3) in its last seven games.

"It was the dumbest game we played all year," said Quinn. "It

scoring goals at all, let alone in bunches. But Thursday night Keith Acton and Tom McCarthy both racked up three goals in powering Minnesota to an 8-3 rout of Los Angeles.

Wherever in the NHL it was Vancouver 6, New Jersey 4; Hartford 6, Detroit 2; Calgary 4, Philadelphia 3, and Montreal tied St. Louis, 2-2.

"We've had a terrible time," said Minnesota Coach Glen Sonmor. "I kept saying we'd start scoring because that's this team's history. We had hoped Tommy Mac would be the tonic we needed, and it looks like he will be."

The hat tricks were Minnesota's first of the season. They were

the first of their careers for both Acton and McCarthy, who each also contributed an assist Thursday.

Neal Broten and Mark Napier also had three assists as the North Stars erased an early 2-0 deficit with four unanswered goals.

In the third period, Minnesota finished strong, scoring three goals, including two by McCarthy, against replacement goalie Darren Eliot, who replaced Bob Janecyk after two periods.

After controlling the early going, the Kings took themselves out of things.

"We stopping hitting, stopped taking the man out," said Bernie Nicholls, who scored twice for the losers.

"If we'd have played like we did the first 10 minutes, we'd have been O.K."

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## SCOREBOARD

### Basketball

#### NBA Standings

EASTERN CONFERENCE			
Atlantic Division			
Boston	27	6	312
Philadelphia	26	6	313
Washington	19	14	274
New York	15	18	255
New Jersey	12	22	233
Central Division			
Milwaukee	11	27	196
Detroit	17	21	251
Chicago	16	22	250
Atlanta	19	19	259
Indiana	10	28	212
Cleveland	7	31	183
WESTERN CONFERENCE			
Midwest Division			
Denver	19	13	294
Houston	19	13	294
Portland	16	16	266
Utah	15	17	265
San Antonio	15	17	265
Kansas City	11	21	237
Pacific Division			
L.A. Lakers	22	10	348
Phoenix	18	14	285
San Diego	14	18	242
LA Clippers	14	18	242
Seattle	14	18	242
Golden State	11	21	222
THURSDAY'S RESULTS			
Washington	14	34	28-73
Seattle	22	20	25-108
Phoenix	9	17-33	21-77
Portland	10	24	24-77
San Antonio	10	24	24-77
Golden State	10	24	24-77
LA Lakers	19	20	23-111
LA Clippers	19	20	23-111
Seattle	19	20	23-111
Golden State	19	20	23-111
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